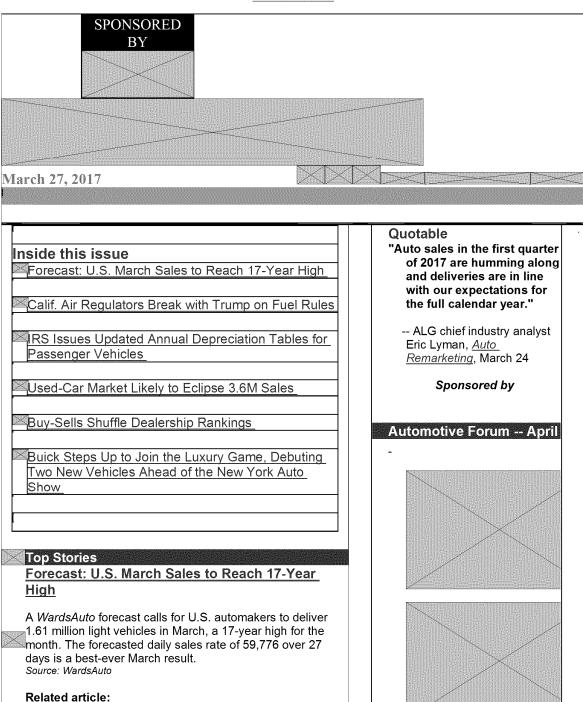
From: NADA Headlines

**Sent:** Mon 3/27/2017 3:18:00 PM

Subject: Forecast: U.S. March Sales to Reach 17-Year High

View Web Version



April 5: NADA Quarterly Briefing on Auto Sales and Economy

#### [back to top]

### Calif. Air Regulators Break with Trump on Fuel Rules

California air regulators voted Friday to keep the state's tough vehicle emissions standards through 2025. The state Air Resources Board voted unanimously at a meeting in Riverside [Calif.] to continue with the standards for 2022 to 2025 after reaching a conclusion similar to one by the U.S. Environmental Protection Agency under the Obama administration. More recently, however, President Donald Trump said he wants to re-examine the rules governing gas mileage and set a uniform fuel mileage requirement for automakers in the U.S.

Source: The Detroit News

#### [back to top]

### IRS Issues Updated Annual Depreciation Tables for Passenger Vehicles

Revenue Procedure 2017-29 updates for 2017 tax years the annually published depreciation and inclusion tables for owners and lessees, respectively, of passenger vehicles, trucks and vans. First year depreciation for passenger cars placed in service in 2017 (and for which the § 168(k) additional first year depreciation deduction applies) is \$11,160, and for trucks and vans is \$11,560.

Source: IRS

#### [back to top]

### ── Used-Car Market Likely to Eclipse 3.6M Sales

Used-car sales this month could approach 3.64 million units, according to a forecast released Friday by ALG. That would be a 2.4-percent year-over-year increase.

Source: Auto Remarketing

#### [back to top]

### Buy-Sells Shuffle Dealership Rankings

The top 150 groups own 3,468 dealerships, or 19 percent of all the rooftops in the U.S., according to the Automotive News Data Center. They retailed 3,585,382 new vehicles or 21.6 percent of the industry's 2016 U.S. new-vehicle sales, up from 21.2 percent in 2015.

Source: Automotive News

#### [back to top]

### PastArticleSteps Up to Join the Luxury Game, Debuting Two New Vehicles Ahead of the

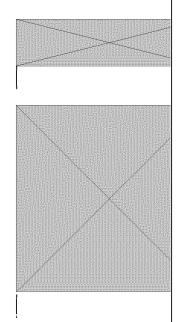
#### **New York Auto Show**

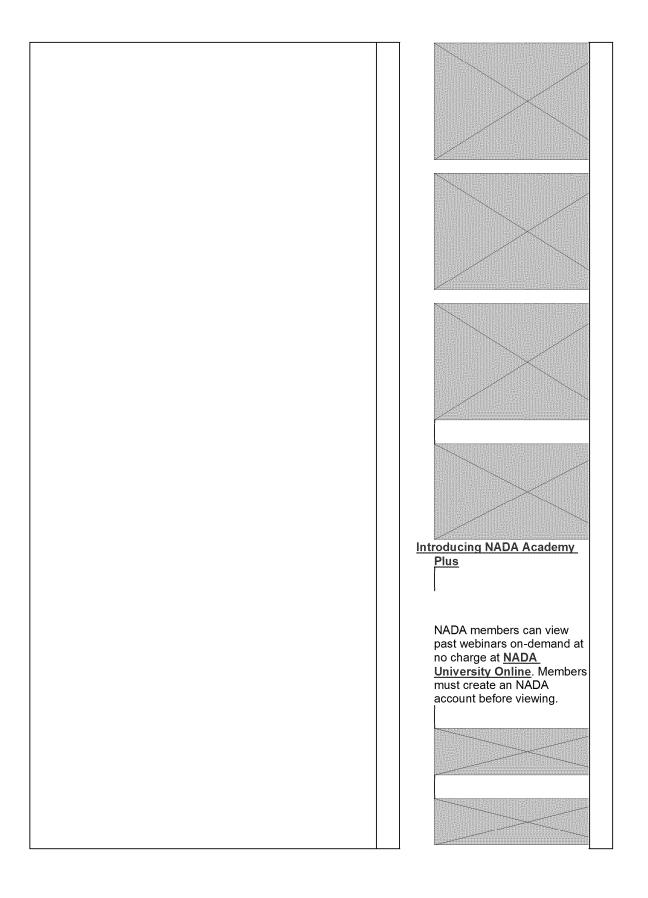
Buick, the 114-year-old Detroit brand trying to shed its blue-haired image, will take a significant step toward joining the ranks of global luxury automakers when it unveils its long-awaited upscale line at the New York Auto Show.

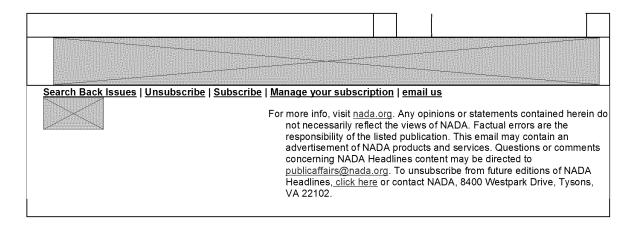
Source: Forbes.com

Editor's note: NADA, J.D. Power and the New York International Auto Show are hosting the 2017 Automotive Forum at the Grand Hyatt New York on April 11. The full-day forum, "Automotive 3.0 – Navigating through Changing Times," includes numerous speakers and panel sessions. For the full agenda or to register, visit <a href="www.autoforumny.com">www.autoforumny.com</a>. Attendees will receive exclusive access to the auto show during press days starting on April 12.

- March 24 Ford Warns Higher Rates, Decline in Resale Values Will Hurt Results
- March 23 <u>Californians Snub Free EVs, Carmakers Say in Pushback on Mandate</u>
- March 22 <u>Jobs Bounce Debated As Trump Promises</u> <u>CAFE Review</u>
- March 21 NADA to Hold Quarterly Briefing on Auto Sales and Economy on April 5
- March 20 With EPA Victory Comes New Uncertainty





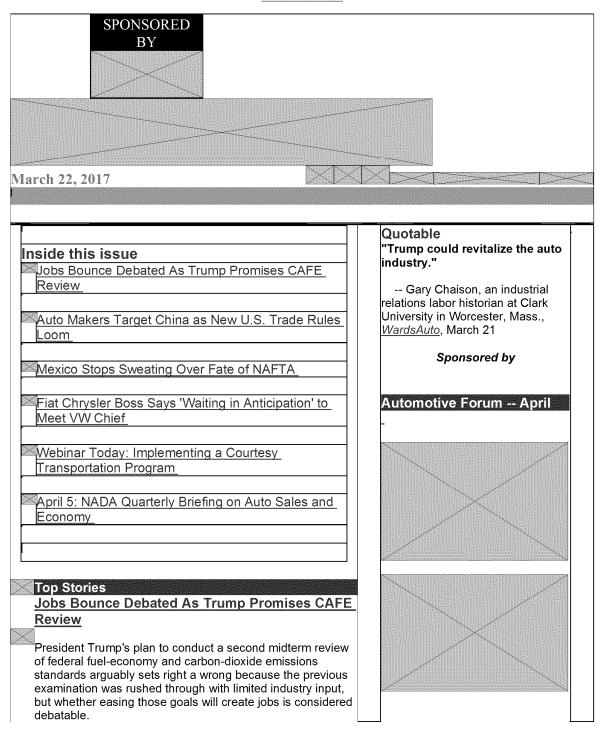


From: NADA Headlines

**Sent:** Wed 3/22/2017 2:06:13 PM

Subject: Jobs Bounce Debated As Trump Promises CAFE Review

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Source: WardsAuto

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# Auto Makers Target China as New U.S. Trade Rules Loom

#### Global car makers push Trump to take a harder line over Chinese regulations that protect local companies

Top auto makers, facing the threat of costly North American trade policy changes, want the Trump administration to take a harder line on a market thousands of miles from their home turf. China's car business is attractive to outsiders chasing sales growth, but rules protecting local companies dent profits of global auto giants and force them to share technology with potential rivals. The 25% tariff on vehicle imports makes U.S.-built automobiles too expensive for most buyers in the world's largest auto market.

Source: The Wall Street Journal (subscription required)

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### Mexico Stops Sweating Over Fate of NAFTA

Spring couldn't have come soon enough for Mexican officials who worried that the North American Free Trade Agreement might not survive the winter of Donald Trump's ascent. So far, cooler heads on both sides of the border have prevailed, paving the way for negotiations later this year that may find the right mix of concessions to keep the trilateral trading bloc alive for another quarter century.

Source: Automotive News

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# Fiat Chrysler Boss Says 'Waiting in Anticipation' to Meet VW Chief

Fiat Chrysler Chief Executive Sergio Marchionne said on Tuesday he was looking forward to meeting Volkswagen boss Matthias Mueller to discuss a possible tie-up between the two carmakers but added he hadn't seen his counterpart in six to seven months. Marchionne has long advocated car industry mergers to share the costs of making cleaner and more technologically advanced vehicles and has repeatedly relayed his desire via the media.

Source: Reuters

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# Webinar Today: Implementing a Courtesy Transportation Program

Angela Margolit with Bluebird Auto Rental Systems will highlight the benefits of implementing a courtesy transportation program (CTP) at the dealership. Find out the advantages of CTP tools such as reservation planners, computer-generated loaner agreements, interactive dashboards and more. Click here to register.

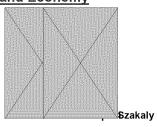
Date: Wednesday, March 22, 2017

Time: 12 p.m. ET Duration: 30 minutes

Source: NADA Dealership Operations

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# April 5: NADA Quarterly Briefing on Auto Sales and Economy



NADA Chairman Mark Scarpelli and NADA Chief Economist Steven Szakaly will share their insights on the overall economy and where it is trending and provide any revisions to NADA's outlook following the first quarter sales results for new cars and light trucks, as well as highlight the key sales indicators and drivers of the retail-auto industry. NADA has forecast sales of 17.1 million new light vehicles for 2017.

When: Wednesday, April 5, 2017

Call-in Time: 11 a.m. ET

Scarpelli is president of Raymond Chevrolet and Raymond Kia in Antioch, III., and co-owner of Ray Chevrolet and Ray Chrysler-Jeep-Dodge-Ram in Fox Lake, III.

A Q&A session with members of the media and industry will follow the briefing. <u>Click here</u> to register.

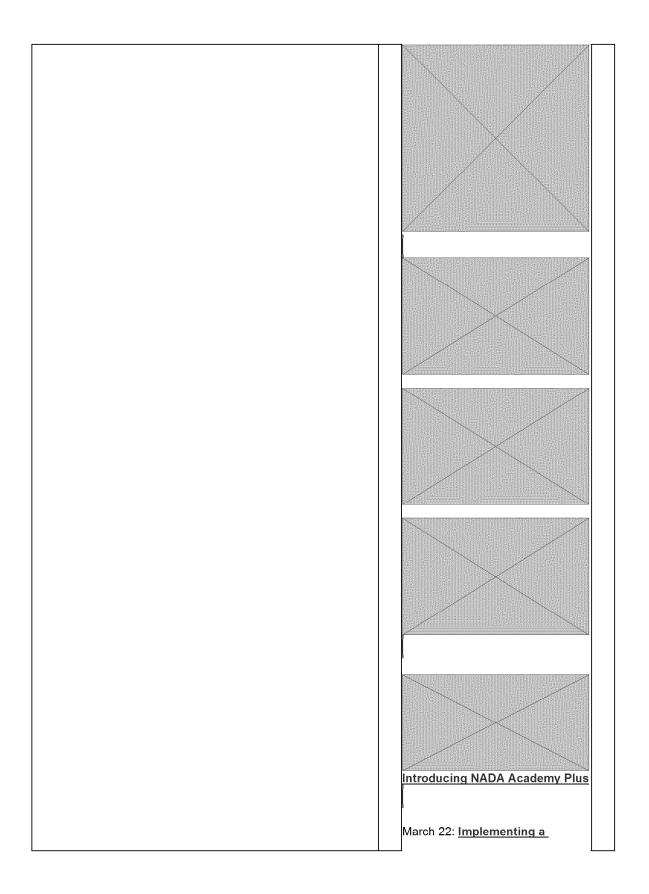
Source: NADA

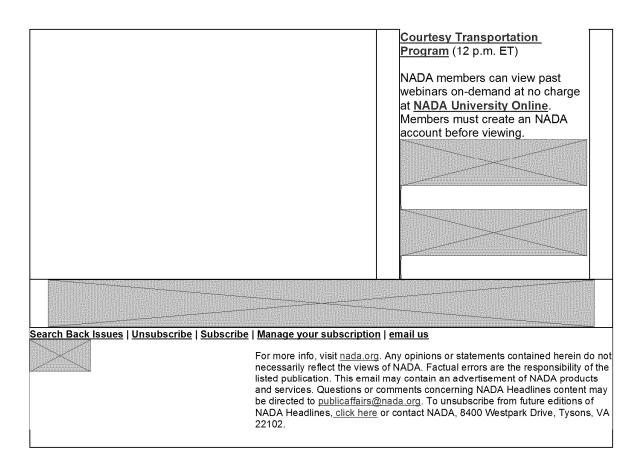
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# Past Articles:

- March 21 NADA to Hold Quarterly Briefing on Auto Sales and Economy on April 5
- March 20 With EPA Victory Comes New Uncertainty
- March 17 <u>Automotive Service Quality Rises Along with</u> Overall Customer Satisfaction, J.D. Power Finds
- March 16 <u>NADA Praises Trump Administration for</u> <u>Restarting Midterm Review of Fuel-Economy Standards</u>
- March 15 Trump Will Offer Boost for Carmakers Today

Past Articles:



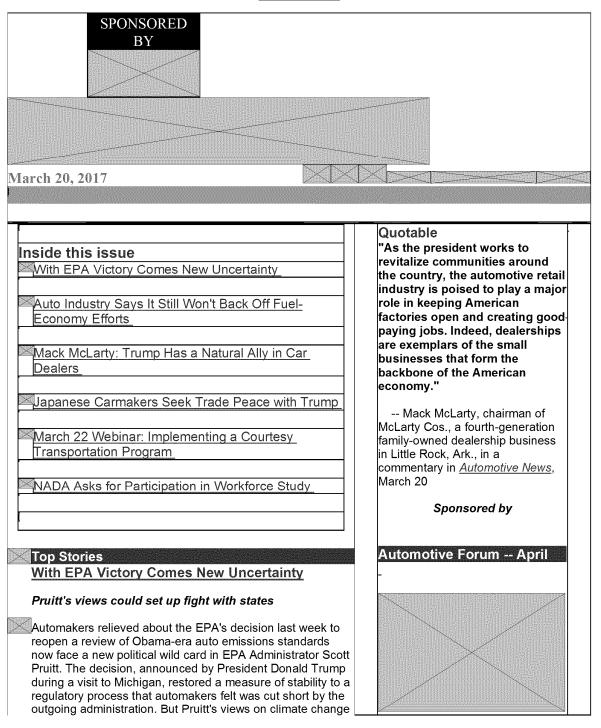


From: NADA Headlines

**Sent:** Mon 3/20/2017 3:58:30 PM

Subject: With EPA Victory Comes New Uncertainty

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and federal power challenge the foundations of the landmark deal they struck with the government in 2012 to reduce greenhouse gas emissions, improve fuel economy and harmonize regulations.

Source: Automotive News

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#### Auto Industry Says It Still Won't Back Off Fuel-Economy Efforts

Executives from automakers and suppliers gathered at a conference in Dearborn Thursday said looser fuel economy standards might allow for sales of more trucks in areas where they're popular. But otherwise, the pursuit of fuel-efficiency technologies will proceed unabated. [President] Trump came to the Detroit area earlier [last] week to announce that his Environmental Protection Agency will re-examine gas mileage requirements that were affirmed in the Obama administration's last days.

Source: The Associated Press

[back to top]

# Mack McLarty: Trump Has a Natural Ally in Car Dealers

America's car dealerships ... are the paragon of successful Main Street businesses on which [President] Trump heaped praise during his campaign. They are powerful institutions in the Rust Belt and in the heartland, where his message of hope to working-class voters left behind by globalization and technological change most resonated. And they are big employers there, too — supporting tens of thousands of Americans who work as salespeople, mechanics and other critical roles and millions more through business relationships with parts suppliers and other outside vendors. Source: Automotive News

Mack McLarty is chairman of McLarty Cos., a fourthgeneration family-owned dealership business in Little Rock, Ark. He was President Bill Clinton's first White House chief of staff and an adviser to Presidents Jimmy Carter and George H.W. Bush.

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# <u>Japanese Carmakers Seek Trade Peace with</u> <u>Trump</u>

Japan's auto market is open, says Hiroto Saikawa, chairman of the Japan Automobile Manufacturers Association, but its carmakers are willing to work with governments in Tokyo and Washington to smooth out disputes over access. "If there are areas where they find difficulty doing business, then we would like to have active discussions and come up with a solution," Saikawa said last week at JAMA's monthly news briefing.

Source: Automotive News

# March 22 Webinar: Implementing a Courtesy Transportation Program

Angela Margolit with Bluebird Auto Rental Systems will highlight the benefits of implementing a courtesy transportation program (CTP) at the dealership. Find out the advantages of CTP tools such as reservation planners, computer-generated loaner agreements, interactive dashboards and more. Click here to register.

Date: Wednesday, March 22, 2017

Time: 12 p.m. ET Duration: 30 minutes

Source: NADA Dealership Operations

[back to top]

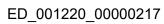
# PastMATDASAsks for Participation in Workforce Study

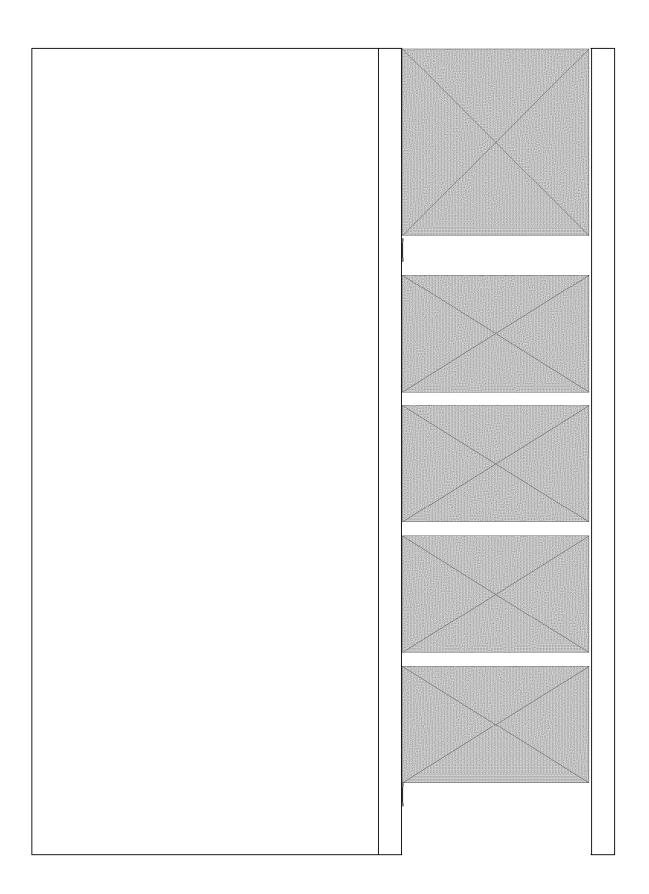
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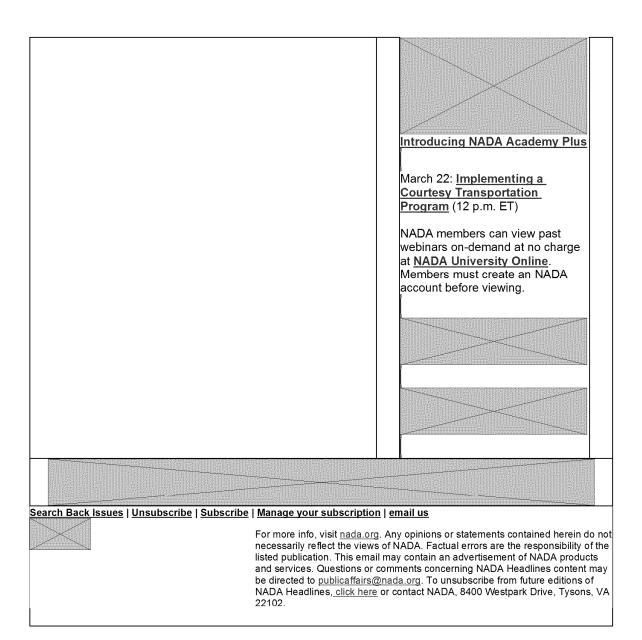
The report contains clear analysis of the light-vehicle and commercial-truck industry. The report includes national and regional data for 60 car and truck dealership positions. In addition to data on pay, benefits and turnover, the report details the impact of work schedules, gender gap and generational challenges facing dealerships today. Participants will also receive a complimentary individualized comparative report for each participating dealership.

To enroll in the 2017 Dealership Workforce Study, which is open through April 28, visit <a href="www.nadaworkforcestudy.com">www.nadaworkforcestudy.com</a> and enter your member or company ID. For questions, send an email to <a href="www.workforceStudy@nada.org">WorkforceStudy@nada.org</a> or call (800) 557-6232.

Source: Auto Remarketing







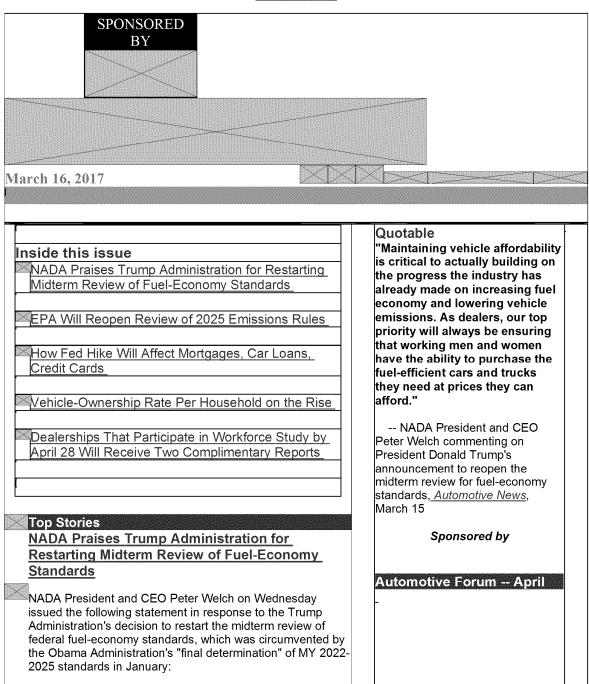
From: NADA Headlines

**Sent:** Thur 3/16/2017 2:33:19 PM

Subject: NADA Praises Trump Administration for Restarting Midterm Review of Fuel-Economy

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"NADA applauds the Trump Administration for reaffirming our

NADA members can view past

shared commitment to a transparent, fair and data-driven midterm review of fuel-economy standards. Maintaining vehicle affordability is critical to actually building on the progress the industry has already made on increasing fuel economy and lowering vehicle emissions. As dealers, our top priority will always be ensuring that working men and women have the ability to purchase the fuel-efficient cars and trucks they need at prices they can afford."

Source: NADA

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# EPA Will Reopen Review of 2025 Emissions Rules

President Donald Trump on Wednesday said his administration will reopen a review of Obama-era auto emissions mandates, welcome news for automakers that argue the strict standards are costly and out-of-touch with market realities. The reopening of the midterm review does not mean the standards will be weakened, but it does give automakers the opportunity to push for relief by lobbying new EPA Administrator Scott Pruitt, who has downplayed the effect humans have on climate.

Source: Automotive News

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# How Fed Hike Will Affect Mortgages, Car Loans, Credit Cards

Are mortgage rates going up? How about car loans? Credit cards? With the Federal Reserve having raised its benchmark interest rate Wednesday and signaled the likelihood of additional rate hikes later this year, consumers and businesses will feel it — if not immediately, then over time. "We are in a rising interest rate environment," noted Nariman Behravesh, chief economist at IHS Markit. Source: The Washington Post

Editor's note: Nariman Behravesh is among several speakers and panelists slated for the 2017 Automotive Forum hosted by NADA, J.D. Power and the New York International Auto Show -- at the Grand Hyatt New York on April 11. Click here for the full agenda and to register. Seated is limited.

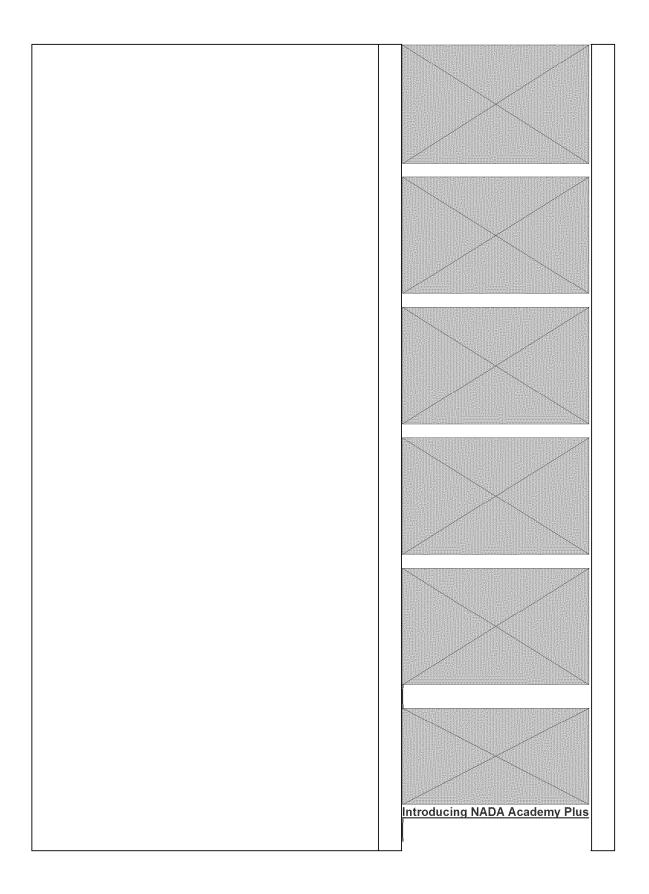
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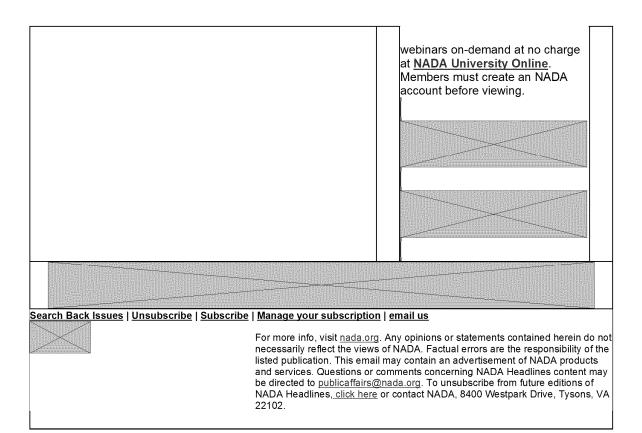
# Vehicle-Ownership Rate Per Household on the Rise

Perhaps the next "up" to come through your dealer website or walk into the showroom might want to own more than one vehicle. While the rate of ownership of cars and light trucks has steadily declined since its peak a decade ago, it is starting to climb, according to a University of Michigan researcher.

Source: Auto Remarketing

# PastDetableships That Participate in Workforce Study by April 28 Will Receive Two Complimentary REPORTS - Trump Will Offer Boost for Carmakers Today March 4 - NADA / J.D. Power Automotive Forum: The View from Wall Street NADA and A D members that participate in the Dealership Wall Street NADA and A D members that participate in the Dealership Walkor I Surjunib Expected to Amburice were and sufficient to the street of the March 9 - Egid's Joe Hinrichs and Toyeta's Bob Carter to Automotive Relational & Regional Victor April 11 Compensation, Benefits & Retention is the industry's top resource for helping dealers meet their No. 1 challenge of attracting and retaining productive employees. It contains clear analysis of the light-vehicle and commercial-truck industry. The report includes national and regional data for 60 car and truck dealership positions. In addition to data on pay, benefits and turnover, the report details the impact of work schedules, gender gap and generational challenges facing dealerships today. Participants will also receive a complimentary individualized comparative report for each participating dealership. To enroll in the 2017 Dealership Workforce Study, which is open through April 28, visit www.nadaworkforcestudy.com and enter your Member (Company) ID. For questions, send an email to WorkforceStudy@nada.org or call 800.557.6232. Source: NADA Dealership Operations [back to top]





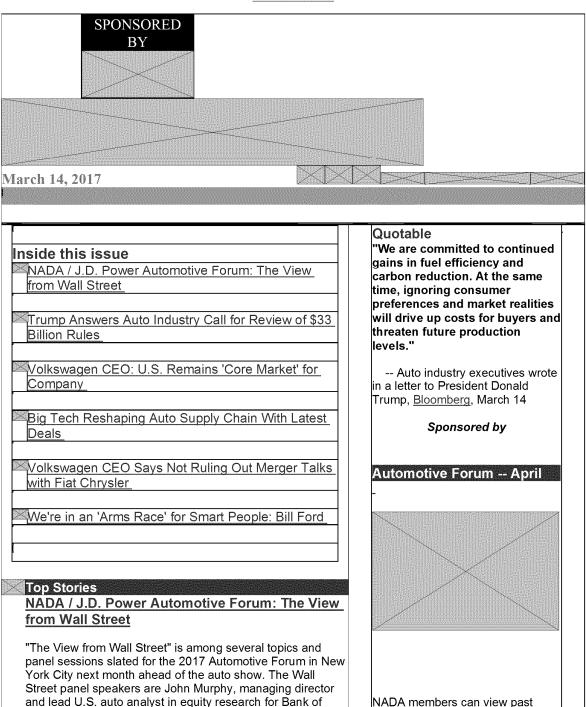
America Merrill Lynch, and Michael Montani, managing

From: NADA Headlines

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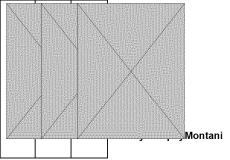
Subject: NADA / J.D. Power Automotive Forum: The View from Wall Street

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webinars on-demand at no charge

director and analyst on Evercore ISI's consumer research team covering auto dealerships.



Stephen Girsky, managing partner of VectolQ, an independent advisory firm based in New York, will moderate a panel discussion with Murphy and Montani. Girsky served in numerous capacities at General Motors from November 2009 until July 2014.

The full-day forum, "Automotive 3.0 – Navigating through Changing Times," is hosted by NADA, J.D. Power and the New York International Auto Show. It will be held at the Grand Hyatt New York on April 11, 2017. For the full agenda or to register, visit <a href="www.autoforumny.com">www.autoforumny.com</a>. Seating is limited, so register today. Attendees will receive access to the auto show during press days starting April 12. Source: NADA

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# Trump Answers Auto Industry Call for Review of \$33 Billion Rules

When President Donald Trump visits the Detroit area this week, he'll come bearing a gift: a first step toward relaxing rules that could cost automakers about \$33 billion. Trump will announce as part of a visit to Ypsilanti, Michigan, on Wednesday that his administration will begin re-examining fuel-economy standards set by the Obama administration, according to two people familiar with the plans. He'll speak with workers and executives at carmakers that have sought to relax the rules, which the Environmental Protection Agency tried to solidify during the final days of Barack Obama's presidency.

Source: Bloomberg

# Related article:

NADA / J.D. Power Automotive Forum to Discuss
 'Policy and Regulation in the Trump Era' (NADA Headlines)

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# Volkswagen CEO: U.S. Remains 'Core Market' for Company

The CEO of German automaker Volkswagen says the United

States remains a "core market" for the company despite its diesel emissions scandal and has underlined that it hopes to expand there. Matthias Mueller made the comments Tuesday at the company's annual news and investor conference at its headquarters in Wolfsburg, Germany.

Source: The Associated Press

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#### Big Tech Reshaping Auto Supply Chain With **Latest Deals**

Intel Corp. sent a fresh shock wave through the automotive supply chain, becoming the latest tech company to gobble up a specialized car components supplier. The Silicon Valley company's \$15 billion acquisition of Mobileye NV could unsettle established auto makers, but it may be the type of big bet needed to populate roads with self-driving vehicles. Source: The Wall Street Journal (Subscription required)

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### Volkswagen CEO Says Not Ruling Out Merger Talks with Fiat Chrysler

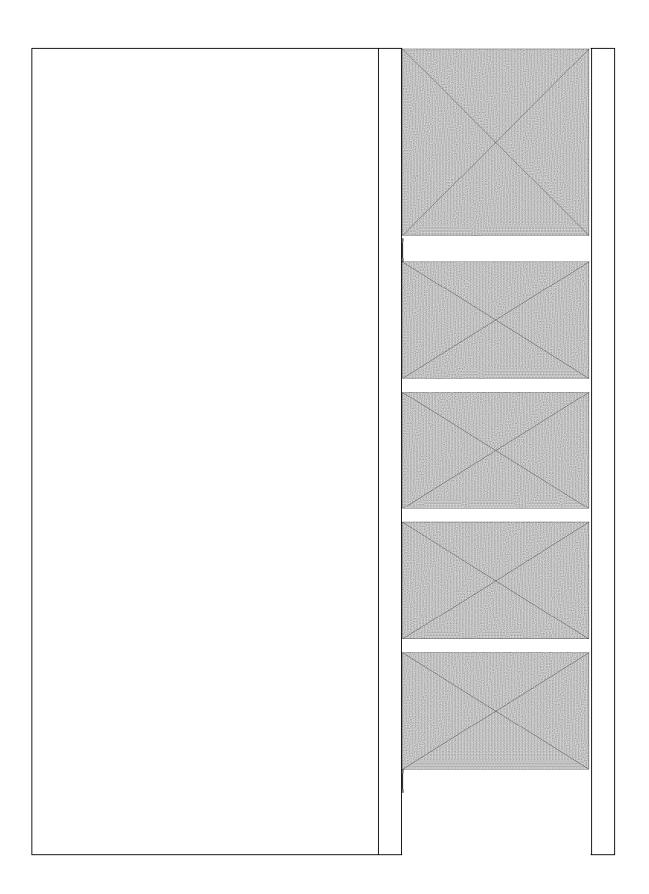
Volkswagen Chief Executive Matthias Mueller said he did not rule out he could hold merger talks with Fiat Chrysler boss Sergio Marchionne, in a marked change of tone by the German carmaker toward its Italian-American peer. "I am not ruling out a conversation." Mueller told journalists after VW's annual results news conference.

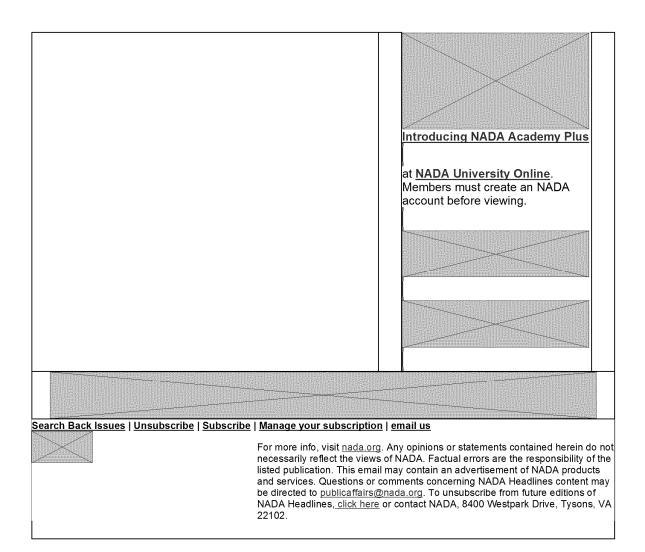
Source: Reuters

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### Past Authorities an 'Arms Race' for Smart People: Bill

- Ford March 13 Trump Expected to Announce Vehicle
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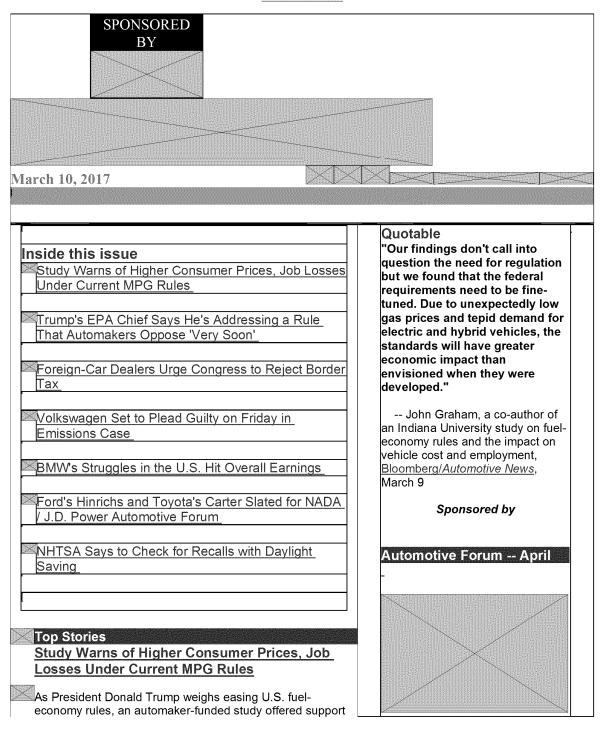


From: NADA Headlines

Sent: Fri 3/10/2017 3:51:44 PM

Subject: Study Warns of Higher Consumer Prices, Job Losses Under Current MPG Rules

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based on looming cost increases for consumers and a shortterm drop in industry employment. U.S. consumers may pay an average premium of more than \$1,800 per vehicle by 2025 due to tougher fuel economy and emissions targets, according to the Indiana University study, which was conducted over 18 months and funded by the Alliance of Automobile Manufacturers. Employment losses will peak at about 150,000 in 2021, as consumers will shy away from buying costlier cars and trucks, said John Graham, a coauthor of the study.

Source: Bloomberg/Automotive News

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### Trump's EPA Chief Says He's Addressing a Rule That Automakers Oppose 'Very Soon'

Environmental Protection Agency chief Scott Pruitt said Thursday he expects an announcement rolling back fuel economy rules "very soon." Automakers have expressed concern about the rules set during the Obama administration, which would have pushed auto fuel economy standards to 54.5 mpg by 2025. Some companies have said the Corporate Average Fuel Economy, or CAFE, standard would boost regulatory compliance costs. Pruitt, who has pledged to roll back what he deems burdensome regulations, told CNBC that American automakers wanted to evaluate those standards. He said he believes the rule-making process was rushed.

Source: CNBC

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# Foreign-Car Dealers Urge Congress to Reject **Border Tax**

About 250 foreign-car dealers from around the country spread out across Capitol Hill on Thursday to meet with lawmakers and urge them to reject a House Republican plan for a new tax on imports. Members of the American International Automobile Dealers Association, which represents 9,500 franchises, told members of Congress that the border-adjustment tax would hurt sales. They point to a study by the Center for Automotive Research that the tax could lead to a 5.6 percent increase in prices in the overall market, or an estimated average of \$1,970 per vehicle.

Source: The Detroit News

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### Volkswagen Set to Plead Guilty on Friday in **Emissions Case**

Volkswagen AG is set to plead guilty on Friday to three felony counts in the Justice Department's diesel emissions investigation, as the German automaker seeks to move past its cheating scandal. As part of a plea agreement with U.S. prosecutors announced in January, the company agreed to sweeping reforms, new audits and oversight by an independent monitor for three years after it admitting to installing secret software in vehicles to enable it to beat

emissions tests over a six-year period. Source: Reuters

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### BMW's Struggles in the U.S. Hit Overall Earnings

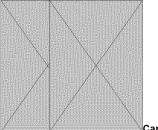
The self-proclaimed ultimate driving machine has hit a pothole in the world's most important luxury market. BMW AG's U.S. operation helped fuel the German auto maker's rise, but it is now struggling to keep pace in the cutthroat American market. The company, whose BMW brand reported its first U.S. sales decline in seven years, needs a jump start so it can fund a spate of ambitious technology products.

New SUVs from smaller luxury competitors, including Jaguar and Land Rover, have added pressure on BMW at the same time some of its hallmark vehicles—including the 5-Series—need to be refreshed. Brian Allan, senior director of Galpin Motors, a Los Angeles dealership that sells brands such as Lincoln, Volvo and Jaguar, said it doubled its sales of Jaguar vehicles in 2016, with sales of the F-Pace SUV accounting for 30% of the increase. Sales of Volvo vehicles rose 50% at the dealership in 2016, driven almost exclusively by the XC90 SUV.

Source: The Wall Street Journal (Subscription required)

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# Ford's Hinrichs and Toyota's Carter Slated for NADA / J.D. Power Automotive Forum



Carte

Joe Hinrichs, executive vice president and president, The Americas, Ford Motor Company, will sit down for a fireside chat with Jason Stein, publisher of *Automotive News*. Bob Carter, senior vice president of automotive operations for Toyota Motor Sales, U.S.A., will discuss "Mobility for the Next 50 Years: Cars, Technology, Safety and Mobility Solutions for Everyone," followed by a Q&A session with Finbarr O'Neill, president of J.D. Power.

Hinrichs and Carter are among several speakers and panel sessions scheduled at the 2017 Automotive Forum at the Grand Hyatt New York on April 11. The full-day forum, "Automotive 3.0 – Navigating through Changing Times," is hosted by NADA, J.D. Power and the New York International Auto Show.

For the full agenda or to register, visit

<u>www.autoforumny.com</u>. Attendees will receive exclusive access to the auto show during press days starting on April 12.

Source: NADA

#### Related article:

NADA / J.D. Power Automotive Forum to Discuss
 'Policy and Regulation in the Trump Era' (NADA Headlines)

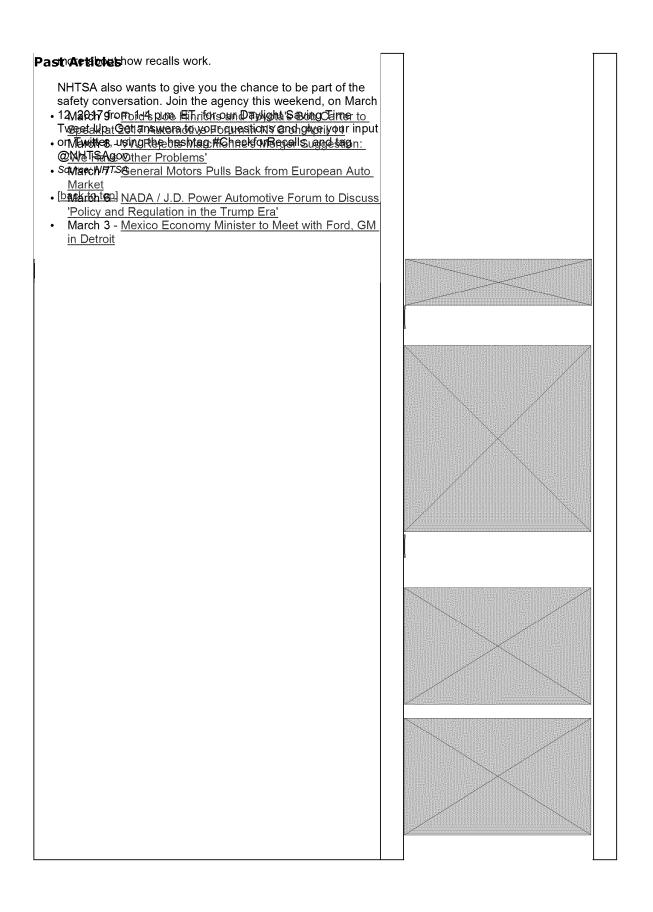
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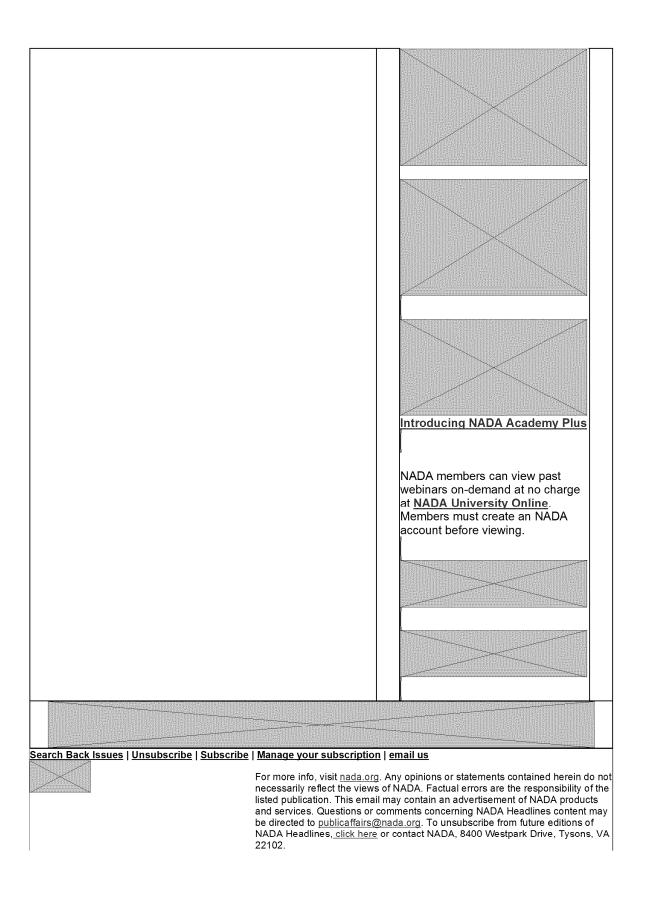
**Past Articles** 

# NHTSA Says to Check for Recalls with Daylight Saving

It's that time of year again – daylight saving time – when we check our smoke alarms and set our clocks forward to spring ahead. Why not protect yourself and your loved ones against possible vehicle safety defects, too? This weekend the National Highway Traffic Safety Administration (NHTSA) is recommending consumers use the daylight saving time schedule to take a simple safety step and check their VIN to see if their vehicle is under a recall.

Consumers can use NHTSA's free <u>VIN Look-up Tool</u> on NHTSA.gov to see if their vehicle manufacturer or NHTSA has determined that there is a defect in their vehicle. If consumers are new to the process, they can also watch this step-by-step <u>video</u> on how to check their VIN and find out







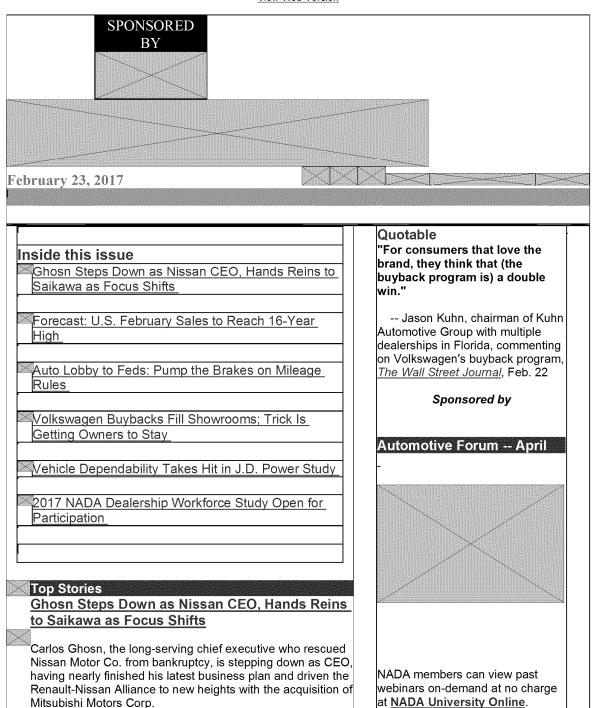
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Source: Automotive News

**Sent:** Thur 2/23/2017 3:10:44 PM

Subject: Ghosn Steps Down as Nissan CEO, Hands Reins to Saikawa as Focus Shifts

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Members must create an NADA

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# Forecast: U.S. February Sales to Reach 16-Year High

A WardsAuto forecast calls for U.S. automakers to deliver 1.34 million light vehicles in February, a 16-year high for the month. A daily sales rate of 55,949 units over 24 days represents a 0.1% improvement from like-2016 (also 24 days). The report puts the seasonally adjusted annual rate of sales for the month at 17.70 million units, compared with year ago's 17.60 million and January's 17.48 million mark. Source: WardsAuto (Subscription required)

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# Auto Lobby to Feds: Pump the Brakes on Mileage Rules

[The Washington, D.C.-based Alliance of Automobile Manufacturers] is pushing new U.S. Environmental Protection Agency Administrator Scott Pruitt to reverse a decision by the Obama administration to finalize stringent fuel economy rules that are estimated to add at least \$2,000 to the sticker price of a vehicle. "The alliance requests that the EPA withdraw the Final Determination and resume the midterm evaluation on the original timetable, to remedy the severe procedural and substantive defects that have infected the process to date," [Auto Alliance President Mitch] Bainwol wrote to the new EPA chief.

Source: The Detroit News

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# Volkswagen Buybacks Fill Showrooms; Trick Is Getting Owners to Stay

VW could experience a tailwind for the foreseeable future, as the program extends through 2018 and only about one-fifth of eligible owners have taken advantage

Volkswagen AG has bought back or terminated the leases of 125,000 diesel vehicles from owners affected by the company's emissions-cheating scheme, helping spur showroom traffic in recent months for hundreds of U.S. dealers who weathered brutal sales declines in the wake of the scandal.

Source: The Wall Street Journal (Subscription required)

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# Vehicle Dependability Takes Hit in J.D. Power Study

Technology-related problems contributed to a worsening in dependability for a second consecutive year in the J.D. Power and Associates Vehicle Dependability Study. The study, which looked at problems reported in the past 12 months by owners of 2014 model-year vehicles, found an industry average of 156 problems per 100 vehicles. The previous study released in 2016 found 152 problems per 100

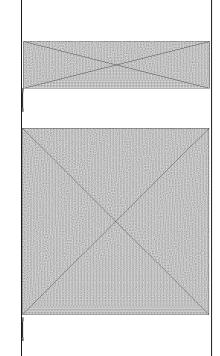
vehicles. As high-tech gadgetry filters down through all levels of vehicles, more problems are being registered by owners. Source: The Detroit News

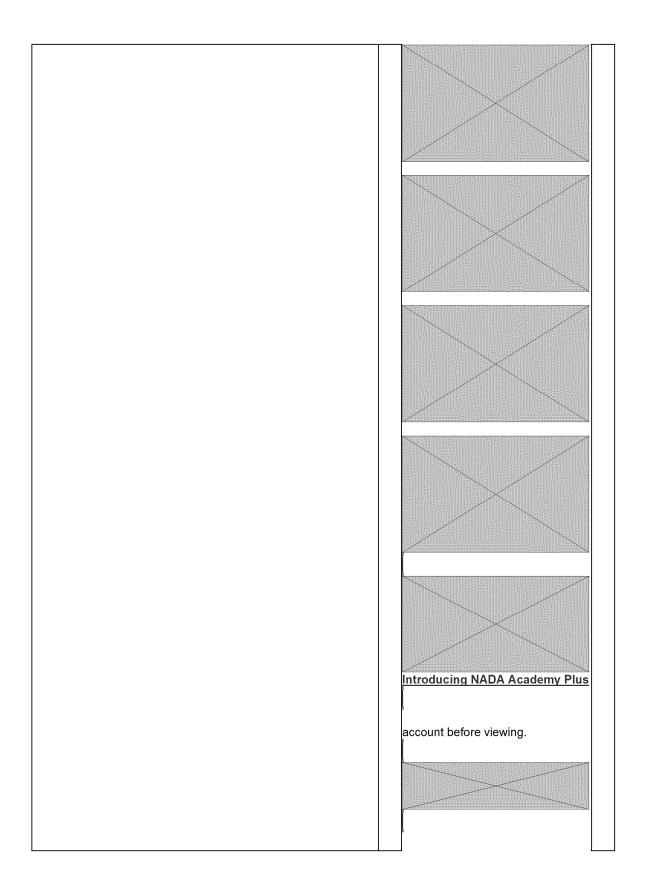
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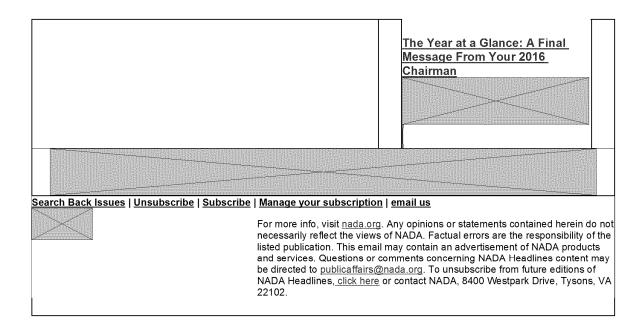
### Past@irtitlesA Dealership Workforce Study Open for **Participation**

- For participating in the study, dealerships will receive two pomplimental sers lines. New EPA Chief to Withdraw Obama Car Fuel-Efficiency Rules
- With a Petail Constinct of the Parties of the
- Working Stady (19WS) provides one-of-a-kind analysis of dealers hip-pay makerand beriefit backages, retending whets
- tuলিকজে ভিল্টোক্সভিপ্রভিপ্রভাগের work schedules and বল্লিকুন্নিচনাত্র এহাড় চিন্তার বিধ্যায় চুক্তি করি বিধায় করি বিধার question aire responses submitted by NADA and ATD members. The DWS is open for participation now through April 28, 2017, at www.nadaworkforcestudy.com.

In return for participating in the study, dealerships will receive two complimentary reports: (1) Automotive Retail: National and Regional Trends in Compensation, Benefits and Retention and (2) a custom report, which includes comparisons of the dealership(s) to peers nationally, regionally, by state and brand. All data must be submitted by April 28, 2017. To participate in the study, go to www.nadaworkforcestudy.com to begin. For questions, email WorkforceStudy@nada.org. Source: NADA Dealership Operations







To: Charmley, William[charmley.william@epa.gov]

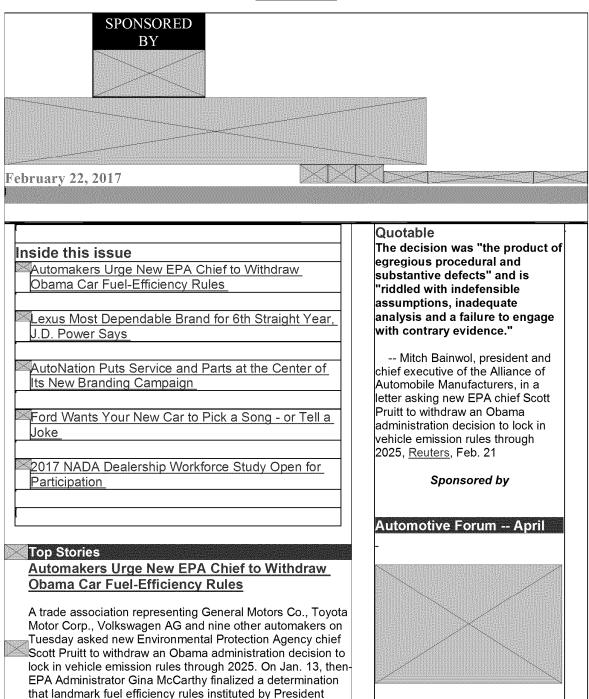
Barack Obama should be finalized through 2025, a bid to

From: NADA Headlines

Sent: Wed 2/22/2017 5:02:51 PM

Subject: Automakers Urge New EPA Chief to Withdraw Obama Car Fuel-Efficiency Rules

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maintain a key part of his administration's climate legacy.

Mitch Bainwol, president and chief executive of the Alliance of Automobile Manufacturers, said in a letter to Pruitt the decision was "the product of egregious procedural and substantive defects" and is "riddled with indefensible assumptions, inadequate analysis and a failure to engage with contrary evidence." Automakers have argued that the rules could result in the loss of up to 1 million jobs because consumers could be less willing to buy the more fuel efficient vehicles since their engineering will result in higher price tags.

The EPA had until April 2018 to decide whether the 2025 standards were feasible but in November moved up its decision to Jan. 13, just before Obama left office. Separately, the Association of Global Automakers, a trade group representing Honda Motor Co., Nissan Motor Co Ltd., Hyundai Motor Co. and others, said late Tuesday it had formally petitioned the EPA to withdraw the determination. The group argued in a separate letter to Pruitt Tuesday reviewed by Reuters that "EPA opted for political expediency" and "jammed through a final determination in the waning days of the lame-duck administration."

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# Lexus Most Dependable Brand for 6th Straight Year, J.D. Power Says

## Mercedes, Hyundai, BMW, Jaguar join Top 10; GMC, Acura, Ram and Lincoln fall from Top 10

Lexus and Porsche are the most dependable brands after three years of vehicle ownership, while Toyota leads non-premium labels, according to a J.D. Power study. It is the sixth consecutive year that Lexus topped J.D. Power's annual U.S. Vehicle Dependability Study, released Wednesday. The streak puts Lexus halfway to tying its record of 12 consecutive titles for most dependable brand between from 1997 to 2008. Toyota, Buick and Mercedes-Benz rounded out the top five brands overall. Mercedes, Hyundai (No. 6), BMW (No. 7) and Jaguar (No. 10) were newcomers to the Top 10 this year, while GMC, Acura, Ram and Lincoln dropped out.

Source: Automotive News

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## AutoNation Puts Service and Parts at the Center of Its New Branding Campaign

AutoNation Inc. is spending big to win back its car and truck buyers who have defected to aftermarket service and parts competitors -- or to keep them from straying in the first place. It intends to hold onto these customers for life. "We aim to deal with every need our customers have," Bill Berman, AutoNation's president, told Fixed Ops Journal during an interview at the company's headquarters here."Whether it's

an oil change or selling parts, we don't want to lose any customer to an independent."

Source: Fixed Ops Journal (Automotive News)

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### Ford Wants Your New Car to Pick a Song - or Tell a Joke

Ford wants the self-driving cars of the future to be better listeners and observers: It's aiming to build vehicles that pick up on the smallest changes in drivers' vocal inflections and facial expressions, and adapt the drive accordingly. The company is partnering with a German technology university to create advanced in-car microphone and camera systems. Source: The Detroit News

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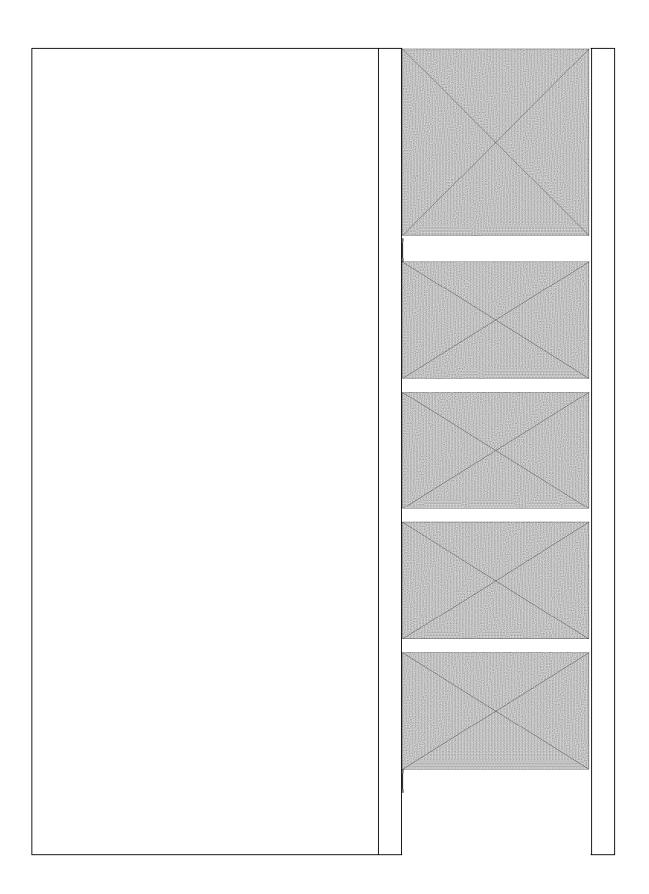
## PastOAffticles A Dealership Workforce Study Open for **Participation**

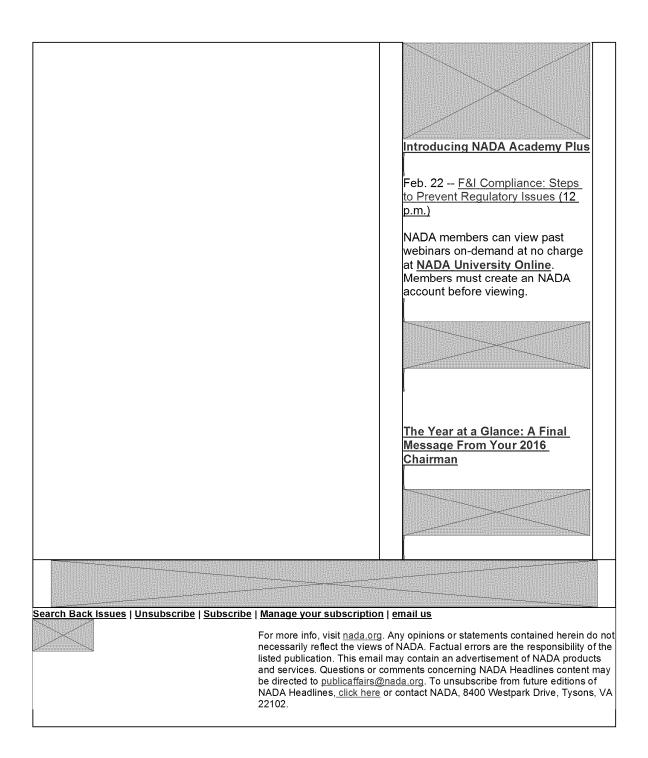
- For participating in the study, dealerships will receive two Pompimers amers for Auto Reliability and Safety Chauffeurs for the Trial Bar?
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To: Charmley, William[charmley.william@epa.gov]
Cc: Olechiw, Michael[olechiw.michael@epa.gov]

From: Chris Nevers

**Sent:** Wed 2/22/2017 1:35:26 PM

**Subject:** Alliance Letter to Administrator Pruitt Letter to EPA Admin Pruitt Feb 21 2016 Signed.pdf

Good Morning Bill,

I realize you are out of the office, so I left a voicemail and copied Mike Olechiw on this email.

You have probably already seen the letter sent from the Alliance to Administrator Pruitt. If you haven't read it yet, the letter basically reiterates Industry's request that the Final Determination be withdrawn and the EPA resume the Midterm Evaluation process with NHTSA.

I am available for any questions or if you would just like to talk.

Best Regards,

Chris Nevers

Vice President, Energy and Environment

Alliance of Automobile Manufacturers

248-794-5002

To: Pruitt, Scott[Pruitt.Scott@epa.gov]; pruitt.gscott@epa.gov[pruitt.gscott@epa.gov]

Cc: John Bozzella[jbozzella@globalautomakers.org];

secretaryscheduler@dot.gov[secretaryscheduler@dot.gov]; Grundler,

Christopher[grundler.christopher@epa.gov]; Charmley, William[charmley.william@epa.gov]; Olechiw,

Michael[olechiw.michael@epa.gov]; Rebecca S. Yoon[rebecca.yoon@dot.gov]; James

Tamm[james.tamm@dot.gov]; Kevin.Green@dot.gov[Kevin.Green@dot.gov];

Alberto.Ayala@arb.ca.gov[Alberto.Ayala@arb.ca.gov]; Ellen

Gleberman[egleberman@globalautomakers.org]; Charles Haake[chaake@globalautomakers.org];

Annemarie Pender[apender@globalautomakers.org]

From: Julia Rege

Sent: Tue 2/21/2017 8:18:34 PM

Subject: Request to Withdraw Final Determination Re. MY 2022-2025 GHG Standards

Request to Withdraw Final Determination.pdf

Dear Administrator Pruitt:

On behalf of John Bozzella, President and CEO of Global Automakers, I am sending you the attached correspondence related to the EPA's Final Determination on the Appropriateness of the Model Year 2022-2025 Light-Duty Vehicle Greenhouse Gas Emissions Standards under the Midterm Evaluation, which was announced by the Agency on January 13, 2017. A hard copy of this letter has been sent to your office via FedEx as well.

We welcome the opportunity to further discuss this matter with you at your earliest convenience.

Sincerely, Julia

Julia M. Rege

Director, Environment & Energy

Association of Global Automakers, Inc. (Global Automakers)

1050 K Street, NW, Suite 650

Washington, DC 20001

202.650.5559 (direct)

202.650.5555 (main)

jrege@globalautomakers.org

Global Automakers 🔘 👔 🌏





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To: Pruitt, Scott[Pruitt.Scott@epa.gov]; pruitt.gscott@epa.gov[pruitt.gscott@epa.gov]

Cc: marianne.mcinerney@dot.gov[marianne.mcinerney@dot.gov]; Grundler,

 $Christopher \hbox{$[$grundler.christopher@epa.gov]$; $Charmley, William \hbox{$[$$charmley.william@epa.gov]$; $Olechiw, $(figure 1)$. $(figure 2)$. $(figure 2)$.$ 

Michael[olechiw.michael@epa.gov]; Kevin.Green@dot.gov[Kevin.Green@dot.gov];

james.tamm@dot.gov[james.tamm@dot.gov]; rebecca.yoon@dot.gov[rebecca.yoon@dot.gov];

annette.hebert@arb.ca.gov[annette.hebert@arb.ca.gov];

michael.mccarthy@arb.ca.gov[michael.mccarthy@arb.ca.gov]; Chris Nevers[CNevers@autoalliance.org]; David Schwietert[DSchwietert@autoalliance.org]; Gloria Bergquist[GBERGQUIST@autoalliance.org]; John Whatley[JWhatley@autoalliance.org]

From: Susan Conti

Sent: Tue 2/21/2017 6:02:29 PM

Subject: URGENT Letter from Alliance of Automobile Manufacturers to EPA Administrator G. Scott

Pruitt

Letter to EPA Admin. Pruitt Feb. 21, 2016 Signed.pdf

#### Dear Administrator Pruitt:

The attached letter, on behalf of the Alliance of Automobile Manufacturers, requests that the U.S. Environmental Protection Agency (EPA) withdraw the Final Determination on the Appropriateness of the Model Year 2022-2025 Light-Duty Vehicle Greenhouse Gas Emissions Standards under the Midterm Evaluation (Final Determination) which was announced on January 13, 2017 but never published in the *Federal Register*.

The Alliance is not asking EPA to make a different Final Determination at this time. All we are asking is that EPA withdraw the Final Determination and resume the Midterm Evaluation, in conjunction with NHTSA, consistent with the timetable embodied in EPA's own regulations. We believe that, if carried out as intended, the Midterm Evaluation can lead to an outcome that makes sense for all affected stakeholders and for society as a whole.

The Alliance welcomes the opportunity for further dialogue. Please contact me at your earliest convenience to discuss this matter further. Thank you.

Mitch Bainwol

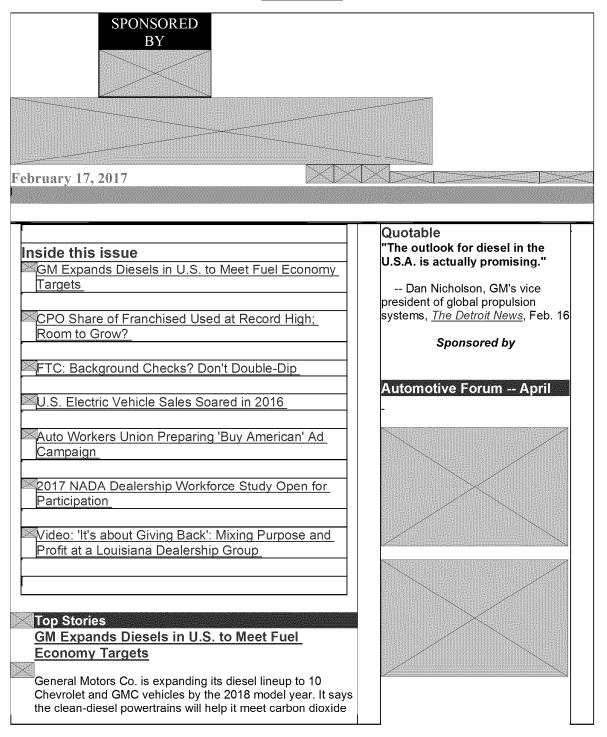
President and CEO

To: Charmley, William[charmley.william@epa.gov]

From: NADA Headlines
Sent: Fri 2/17/2017 4:00:59 PM

Subject: GM Expands Diesels in U.S. to Meet Fuel Economy Targets

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emissions levels and fuel economy requirements. Automakers are pressed to meet federal fuel economy mandates that call for corporate average fuel economy of 54.5 miles per gallon by 2025.

Source: The Detroit News

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## CPO Share of Franchised Used at Record High; Room to Grow?

A record 22.8 percent of franchised dealers' used-car sales last year were certified pre-owned vehicles, according to an Edmunds report, and there were also a record 2.6 million CPO cars sold last year. But where do certified sales go from here? That's not quite certain at this point, although signs would suggest there's potential for growth.

Source: Auto Remarketing

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### FTC: Background Checks? Don't Double-Dip

Need to verify a credit applicant's employment or income history? Checking to see if a candidate has a criminal history or civil judgments? If you get information from a company that compiles it so you can make eligibility determinations, you must comply with the Fair Credit Reporting Act (FCRA). That means no double-dipping. If you get a consumer report for one purpose, don't use it for a different purpose. The FCRA applies when you use consumer reports to determine things like eligibility or pricing for credit, insurance, or housing; eligibility for employment, and for other purposes. *Source: FTC* 

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### U.S. Electric Vehicle Sales Soared in 2016

Final numbers for electric vehicle (EV) sales in the U.S. were recently released for January. The 70% year-over-year increase in monthly sales continued the strong momentum from 2016. Following a 5% decline in sales from 2014 to 2015, U.S. EV sales jumped by 37% in 2016. By year-end there were about 30 different EV offerings, with total sales of 159.139 vehicles.

Source: Forbes.com

Editor's note: According to WardsAuto, the top selling EVs and plug-in hybrids in 2016 included: Tesla Model S: 26,605; Chevrolet Volt: 24,739; Ford Fusion Energi: 15,938; Tesla Model X: 15,549; and Nissan Leaf: 14,006.

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# Auto Workers Union Preparing 'Buy American' Ad Campaign

The United Auto Workers union is preparing an ad campaign that urges consumers to buy U.S.-made cars and trucks as it tries to tap into President Donald Trump's efforts to rebuild the country's manufacturing sector. President Dennis

Williams said the ads could be similar to 1970s garment workers campaign with a catchy jingle that told people to look for a union label on clothing. Williams told reporters Thursday that the union wants to take advantage of what it sees as a movement in the U.S. to bring back manufacturing jobs lost to cheaper-labor countries such as Mexico.

Source: The Associated Press

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### 2017 NADA Dealership Workforce Study Open for Participation

For participating in the study, dealerships will receive two complimentary reports.

With a retail workforce topping 1 million and the industry poised for growth, dealerships need to focus on hiring and keeping talented employees. The NADA Dealership Workforce Study (DWS) provides one-of-a-kind analysis of dealership pay plans and benefit packages, retention and turnover, employee benefits, work schedules and demographics. It is based on actual payroll data and questionnaire responses submitted by NADA and ATD members. The DWS is open for participation now through April 28, 2017, at <a href="https://www.nadaworkforcestudy.com">www.nadaworkforcestudy.com</a>.

In return for participating in the study, dealerships will receive two complimentary reports: (1) Automotive Retail: National and Regional Trends in Compensation, Benefits and Retention and (2) a custom report, which includes comparisons of the dealership(s) to peers nationally, regionally, by state and brand. All data must be submitted by April 28, 2017. To participate in the study, go to <a href="www.nadaworkforcestudy.com">www.nadaworkforcestudy.com</a> to begin. For questions, email <a href="www.workforcestudy@nada.org">Workforcestudy@nada.org</a>. Source: NADA Dealership Operations

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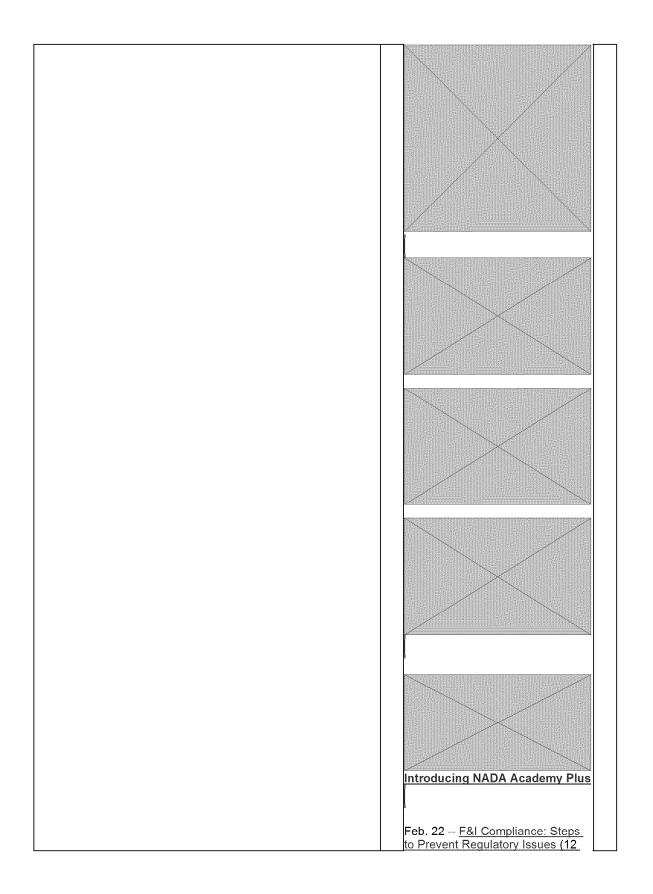
## PastiActicitis about Giving Back': Mixing Purpose and Profit at a Louisiana Dealership Group

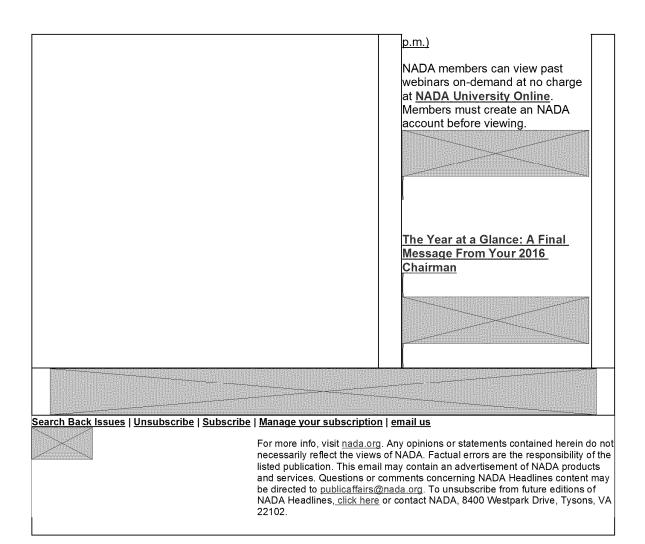
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· saure: Automax Threat Heightens Concern about Affordability

Feb. 10 - Mexican Tariff Could Hit Lower-Income Car [balk/f9/\$op]







February 21, 2017

G. Scott Pruitt
Administrator
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue, N.W.
Mail Code 1101A
Washington, D.C. 20460

RE: Final Determination on the Appropriateness of the Model Year 2022-2025 Light-Duty Vehicle Greenhouse Gas Emissions Standards under the Midterm Evaluation

Dear Administrator Pruitt,

I write on behalf of the Alliance of Automobile Manufacturers (Alliance), an association representing twelve leading manufacturers of cars and light trucks, to request that the U.S. Environmental Protection Agency (EPA) withdraw the Final Determination on the Appropriateness of the Model Year 2022-2025 Light-Duty Vehicle Greenhouse Gas Emissions Standards under the Midterm Evaluation (Final Determination) which was announced on January 13, 2017 but never published in the Federal Register.

For the auto industry, the Final Determination may be the single most important decision that EPA has made in recent history. The Alliance requests that EPA withdraw the Final Determination and resume the Midterm Evaluation, in accordance with its original timetable, to remedy the severe procedural and substantive defects that have infected the process to date. We explain, in more detail below, EPA's authority to withdraw the Final Determination and why that withdrawal is appropriate and essential.

## 1. EPA Should Exercise Its Authority to Withdraw the Final Determination

As you know, on January 20, the White House issued a memorandum to the heads of all executive departments and agencies instituting a freeze on regulatory activity, pending review by the Office of Management and Budget (OMB) Director.<sup>2</sup> The Alliance urges EPA to withdraw the Final Determination on its own initiative in accordance with the regulatory freeze. Irrespective of whether EPA considers the Final Determination a rule or an adjudication, the Final Determination should be reviewed

























<sup>&</sup>lt;sup>1</sup> Alliance members are BMW Group, FCA US LLC, Ford Motor Company, General Motors Company, Jaguar Land Rover, Mazda, Mercedes-Benz USA, Mitsubishi Motors, Porsche Cars North America, Toyota, Volkswagen Group of America, and Volvo Car USA.

<sup>&</sup>lt;sup>2</sup> See Memorandum for the Heads of Executive Departments and Agencies, Jan. 20, 2017, https://www.whitehouse.gov/the-press-office/2017/01/20/memorandum-heads-executive-departments-and-agencies.

and withdrawn. As the Alliance has noted, a wealth of precedents confirm that the Final Determination is a rule, and all rules not yet published in the *Federal Register* are subject to the regulatory freeze.<sup>3</sup> Even if EPA continues to construe the Final Determination as an adjudication, however, it is still subject to the regulatory freeze as an "agency statement of general applicability and future effect 'that sets forth a policy on a statutory, regulatory, or technical issue or an interpretation of a statutory or regulatory issue." The Final Determination reaffirms and reinstates industry-wide greenhouse gas emissions standards for all light vehicles sold in America for MY 2022-2025, and thereby establishes a policy on a regulatory issue of central importance to the auto industry.

Furthermore, EPA has ample authority to withdraw the Final Determination on its own initiative, irrespective of whether EPA considers it a rule or an adjudication. If the Final Determination is a rule, it is clearly a nonfinal one, because it has not been published in the *Federal Register*. See 5 U.S.C. § 553(d); Kennecott Utah Copper Corp. v. U.S. Dep't of Interior, 88 F.3d 1191, 1209 (D.C. Cir. 1996). And, as a nonfinal rule, EPA can readily withdraw the Final Determination without engaging in notice-and-comment rulemaking. Kennecott, 88 F.3d at 1206.

Even if EPA continues to endorse the view that the Final Determination is an adjudication, however, EPA has broad inherent power to reconsider its decision "within the period available for taking an appeal." *Am. Methyl Corp. v. EPA*, 749 F.2d 826, 835 (D.C. Cir. 1984). Agencies have long exercised this power to fix determinations like this one that suffer from "serious procedural and substantive deficiencies." *Belville Min. Co. v. United States*, 999 F.2d 989, 998 (6th Cir. 1993). Regardless of how EPA classifies the Final Determination, EPA should promptly withdraw it in light of the many procedural and substantive flaws described below.

## 2. EPA Has Abrogated Its Commitment to a Robust Midterm Evaluation

As the Supreme Court has recognized, EPA's regulatory efforts to address greenhouse gases have already produced "the single largest expansion in the scope of the [Clean Air Act] in its history." In 2009, EPA issued an Endangerment Finding that motor vehicle greenhouse gas emissions contribute to climate change and thereby threaten public health and welfare. Thereafter, EPA and the National Highway Traffic Safety Administration (NHTSA) began jointly setting greenhouse gas emissions and fuel economy standards for new light-duty motor vehicles, starting with Model Year (MY) 2012-2016. Then, in 2012, EPA and NHTSA took the unprecedented step of

<sup>&</sup>lt;sup>3</sup> See Alliance Comments on Proposed Determination on Appropriateness of the Model Year 2022-2025 Light-Duty Vehicle Greenhouse Gas Emissions Standards under the Midterm Evaluation at 11-13, Dec. 30, 2016, Docket ID No. EPA-HQ-OAR-2015-0827; Memorandum for the Heads of Executive Departments and Agencies, Jan. 20, 2017.

<sup>&</sup>lt;sup>4</sup> Utility Air Regulatory Group v. EPA, 134 S. Ct. 2427, 2436 (2014) (internal quotation marks omitted).

setting joint greenhouse gas and fuel economy standards over a decade in advance for MY 2022-2025 vehicles. 77 Fed. Reg. 62,628 (Oct. 15, 2012). No agency ever had set emissions standards so far into the future, and all stakeholders understood that no one could accurately project the circumstances affecting the technological and economic feasibility of these standards.

The Alliance supported these efforts—but only on the condition that EPA and NHTSA would reassess standards as data became available to test their feasibility. That commitment was essential because of the great uncertainty regarding the feasibility of the future standards. Based on the projections in the 2012 rule, manufacturers must achieve an average 54.5 miles per gallon equivalent across their new vehicle fleets by 2025. Even today, no conventional vehicle today meets that target, and conventional vehicles comprise 96.5% of the new light-duty vehicle fleet. Only some non-conventional vehicles (i.e., hybrid, plug-in electric, and fuel-cell vehicles), which comprise fewer than 3.5% of today's new vehicles, currently can do so.<sup>5</sup> Even under EPA's optimistic estimates, the automotive industry will have to spend a staggering \$200 billion between 2012 and 2025 to comply, making these standards many times more expensive than the Clean Power Plan.<sup>6</sup>

EPA and NHTSA committed to a robust Midterm Evaluation that would take a fresh look at these standards by April 2018. The agencies promised that this review would be collaborative, so that the industry could offer the agencies real-life data to adjust their model-driven forecasts. The agencies also committed to developing greenhouse gas emissions standards and fuel economy standards in tandem. And they repeatedly represented that they would not complete the Proposed Determination/Notice of Proposed Rulemaking until mid-2017 at the earliest. The industry took the agencies at their word, commissioning complex studies critical to assessing the MY 2022-2025 standards and the processes used by EPA in its analysis, that we had expected to add to the administrative record for the Midterm Evaluation in 2017.

On November 30, 2016, EPA abruptly abrogated these commitments. EPA issued a Proposed Determination that the MY 2022-2025 standards should go into force

<sup>&</sup>lt;sup>5</sup> "Light-Duty Automotive Technology, Carbon Dioxide Emissions, and Fuel Economy Trends: 1975 through 2016," at 118. U.S. Environmental Protection Agency. EPA-420-R-16-010, Nov. 2016.

<sup>&</sup>lt;sup>6</sup> See EPA Regulatory Impact Analysis for 2012-2016 rule (EPA-420-R-10-009, Apr. 2010) at https://www.epa.gov/regulations-emissions-vehicles-and-engines/final-rule-model-year-2012-2016-light-duty-vehicle; EPA Regulatory Impact Analysis for 2017-2025 rule (EPA-420-R-12-016, Aug. 2012) at https://www.epa.gov/regulations-emissions-vehicles-and-engines/final-rule-model-year-2017-and-later-light-duty-vehicle.

<sup>&</sup>lt;sup>7</sup> See 40 C.F.R. § 86.1818-12(h), 77 Fed. Reg. 62,784 (Oct. 15, 2012), 40 C.F.R. § 86.1818-12(h)(1) -(2); 81 Fed. Reg. 49,219 (July 27, 2016).

<sup>&</sup>lt;sup>8</sup> See Alliance Comments on Proposed Determination at 10, Dec. 30, 2016, Docket ID No. EPA-HQ-OAR-2015-0827.

without modification. EPA issued the Proposed Determination without coordinating with NHTSA. EPA demanded comments by December 30, 2016, even though the Proposed Determination was not published in the Federal Register until December 6. The public and industry had a mere 24 days, spanning a major national holiday, to comment on nearly 1,000 pages of documents, plus additional cited documents and computer modeling, regarding requirements that will profoundly affect the automobile industry and the more than 900,000 American workers it directly employs. After EPA denied requests by various stakeholders to extend the abbreviated comment period, we did our best to file substantive comments. EPA received more than 100,000 public comments, including 63 sets of comments from various organizations spanning hundreds of pages. 10 Many objected that the comment period was inadequate. EPA denied all requests to extend the abbreviated comment period and yet EPA issued the Final Determination on January 13, 2017, just 14 days after the comment period closed. EPA brushed aside objections to its procedural shortcuts and never justified the need for such an abbreviated comment period. EPA also rejected commenters' substantive and technical concerns by resting on its earlier analysis.

## 3. EPA Should Withdraw the Final Determination Immediately

The Final Determination is the product of egregious procedural and substantive defects and EPA should withdraw it.<sup>11</sup> In EPA's rush to promulgate the Final Determination before the new administration took office, EPA bypassed required procedures, failing for instance to provide an adequate period for meaningful notice and comment. The Final Determination asserts that there was no need for more time because the Proposed Determination did not include much new material. But that contention is belied by EPA's acknowledgement that the Proposed Determination adjusted a number of EPA assumptions in response to commenters who pointed out errors at earlier stages. The industry also had an unacceptably short period to try to ascertain why EPA rejected many of its objections.<sup>12</sup> These procedural defects are significant irrespective of whether the Final Determination constitutes rulemaking or adjudication.

EPA's unilateral announcement of its Final Determination also constitutes a failure to harmonize its greenhouse gas emissions standards with NHTSA's fuel-economy standards, contrary to the letter and intent of EPA's own regulations. NHTSA has not yet reached a determination on its fuel economy standards and continues its

<sup>&</sup>lt;sup>9</sup> U.S. Department of Labor, Bureau of Labor Statistics, 2015, U.S. Vehicle and Equipment Manufacturing Employment equaled 909,700 people.

<sup>&</sup>lt;sup>10</sup> Final Determination, Response to Comments at 1-3.

<sup>&</sup>lt;sup>11</sup> See Alliance Comments on Proposed Determination, Dec. 30, 2016, Docket ID No. EPA-HQ-OAR-2015-0827.

<sup>&</sup>lt;sup>12</sup> See Final Determination, Response to Comments at 7.

Midterm Evaluation rulemaking activities. EPA's failure to act in coordination with NHTSA also casts serious doubt on the legitimacy of EPA's data and conclusions, given the substantial discrepancies between EPA's and NHTSA's analysis of the technologies and costs associated with the MY 2022-2025 standards.<sup>13</sup>

Furthermore, EPA's Final Determination that the MY 2022-2025 greenhouse gas standards should remain unchanged, is riddled with indefensible assumptions, inadequate analysis, and a failure to engage with contrary evidence. Here are just a few examples:

- EPA estimated that these standards will cost the industry at least \$200 billion. But EPA underestimated the burden. Contrary to EPA's assumptions, manufacturers will have to rely on much more expensive electrified technologies (i.e., hybrids and plug-ins), driving up vehicle prices and depressing auto sales.
- EPA refused to conduct an analysis of consumer acceptance and technology affordability needed for compliance, claiming this was too difficult.
- EPA refused to analyze substantively the economic impact of the MY 2022-2025 standards, instead making cursory assertions that downplayed the impact of its mandate on auto sales and employment.
- EPA refused to consider many of the Alliance's technical concerns even when supported by an outside consultant<sup>14</sup>, asserted the Alliance provided insufficient data, and then refused further meetings for clarification.
- 4. <u>Studies and Data Highly Relevant to the Midterm Evaluation Have Not Been</u> Submitted to EPA Because They Still Are Pending

It is particularly critical that EPA withdraw the current Final Determination and reopen the Midterm Evaluation process because analysis commissioned according to EPA's original timetable is ongoing and the Alliance expects that new information relevant to the Final Determination's underlying assumptions and resulting analysis will soon emerge. EPA's rushed timetable, coupled with its about-face on the timing of the Midterm Evaluation, prevented consideration of this information.

<sup>&</sup>lt;sup>13</sup> See Alliance Comments on US EPA, US DOT, California's Air Resources Board Draft Technical Assessment Report of Greenhouse Gas Emissions and Fuel Economy Standards for Model Year 2022-2025 Cars and Light Trucks at ES-9, Sept. 26, 2016, Docket ID No. EPA-HQ-OAR-2015-0827, NHTSA's costs are approximately 42% higher than EPA's (NHTSA Table ES-2 v. EPA ES-4 Table ES-1).

<sup>&</sup>lt;sup>14</sup> See Novation Analytics Comments on Draft Technical Assessment, Sept. 26, 2016; Docket ID No. EPA-HQ-OAR-2015-0827.

We urge EPA to reconsider imposing such a far-reaching mandate on an entire industry without adequately considering the consequences, and without giving stakeholders a meaningful opportunity to comment. The MY 2022-2025 standards threaten to depress an industry that can ill afford spiraling regulatory costs. If left unchanged, those standards could cause up to *1.1 million* Americans to lose jobs due to lost vehicle sales. <sup>15</sup> And low-income households would be hit the hardest. <sup>16</sup>

The Alliance is not asking EPA to make a different Final Determination at this time. All we are asking is that EPA withdraw the Final Determination and resume the Midterm Evaluation, in conjunction with NHTSA, consistent with the timetable embodied in EPA's own regulations. We believe that, if carried out as intended, the Midterm Evaluation can lead to an outcome that makes sense for all affected stakeholders and for society as a whole.

The Alliance welcomes the opportunity for further dialogue about ways to rekindle the industry's longstanding cooperation with EPA on these issues.

Sincerely.

Mitch Bainwol
President and CEO

Cc: Secretary Elaine Chao, DOT Kevin Green, DOT Bill Charmley, EPA Chris Grundler, EPA Michael Olechiw EPA Rebecca Yoon, NIITSA James Tamm, NHTSA Mike McCarthy, CARB

Annette Hebert, CARB

<sup>&</sup>lt;sup>15</sup> McAlinden, Sean, et al., *The Potential Effects of the 2017-2025 EPA/NHTSA GHG/Fuel Economy Mandates on the U.S. Economy*, Center for Automotive Research (Sep. 2016) at 49. Referring to the \$3.00 per gallon gasoline price \$6,000 technology cost scenario.

<sup>&</sup>lt;sup>16</sup> Walton, Tom, et al., *The Impact of Future Fuel Economy Standards on Low Income Households*, Defour Group LLC (Sep. 2016); Walton, Tom, et al., *Defour Group Response to EPA Rejoinders to Defour Group / Alliance of Automobile Manufacturers Submission Regarding the Regressivity/Affordability of EPA's Proposed Fuel Economy Standards*, (Dec. 2016).



February 21, 2017

Scott Pruitt Administrator Environmental Protection Agency Office of the Administrator 1101A 1200 Pennsylvania Avenue, N.W. Washington DC 20460

Attention: Docket ID No. EPA-HQ-OAR-2015-0827

RE: Petition for Reconsideration and Request to Withdraw Final Determination on the Appropriateness of the Model Year 2022-2025 Light-duty Vehicle Greenhouse Gas Emissions Standards under the Midterm Evaluation (January 12, 2017)

### Dear Administrator Pruitt:

The Association of Global Automakers, Inc. (Global Automakers)<sup>1</sup> respectfully petitions the United States Environmental Protection Agency (EPA) to reconsider its final Determination on the Appropriateness of the Model Year 2022-2025 Light-duty Vehicle Greenhouse Gas Emissions Standards under the Midterm Evaluation (the "Determination"), and requests that the Determination be withdrawn. As explained below, EPA's premature Determination suffers from a multitude of procedural and substantive flaws. Most importantly, it is inconsistent with the coordinated process to which EPA committed in 2012 to ensure the development of "One National Program" to regulate fuel economy and greenhouse gas (GHG) emissions in coordination with the National Highway Traffic Safety Administration (NHTSA). Consequently, we are requesting that EPA withdraw the Determination and reopen the record so that EPA's rulemaking concerning GHG emission standards for model years (MY) 2022-2025 can be aligned with fuel economy rulemaking currently underway at NHTSA for those years.

Association of Global Automakers, Inc. 1050 K Street, NW, Suite 650 ° Washington, DC 20001 TEL 202.650.5555 GLOBALAUTOMAKERS.ORG

<sup>&</sup>lt;sup>1</sup> The Association of Global Automakers represents international motor vehicle manufacturers, original equipment suppliers, and other automotive-related trade associations. Our member companies have invested \$56 billion in U.S.-based facilities, directly employ nearly 100,000 Americans, and sell 47 percent of all new vehicles purchased annually in the country. Combined, our members operate more than 300 production, design, R&D, sales, finance and other facilities across the United States. Working with industry leaders, legislators, and regulators in the United States, Global Automakers aims to create public policies that improve motor vehicle safety, encourage technological innovation, and protect our planet. Our goal is to foster an open and competitive automotive marketplace that encourages investment, job growth, and development of vehicles that can enhance Americans' quality of life. For more information, please visit www.globalautomakers.org.



#### A. Background

On January 12, 2017—just one week before the end of the previous administration—EPA published its final Determination concerning whether the GHG emissions standards currently on the books for MY 2022-2025 remain appropriate. This Determination was part of a "Midterm Evaluation" of those standards, a key protective mechanism that was included, at the insistence of the auto industry as a condition of its support of these regulations, in the 2012 joint EPA and NHTSA rule setting fuel economy and GHG emission standards covering MY 2017 through 2025.<sup>2</sup> Given that NHTSA is statutorily prevented from promulgating fuel economy standards governing more than a five-year period, and that the EPA standards were being set more than ten years into the future, having an objective and data-driven Midterm Evaluation is necessary to ensure that the future standards are feasible, cost-effective, and achieve the goals of the two relevant statutes under the One National Program.

Throughout the process of the Midterm Evaluation, both EPA and NHTSA made several commitments to the stakeholders. First, the agencies promised to remain aligned from both a procedural and substantive standpoint.<sup>3</sup> As was the case with the 2012 rulemaking, during the Midterm Evaluation the agencies were to jointly issue a proposed rulemaking/determination and a final rulemaking/determination. This was necessary to ensure that One National Program is maintained and to protect manufacturers from having to comply with multiple inconsistent standards.

Second, EPA and NHTSA consistently stated that the final NHTSA rule and EPA determination were expected by April 1, 2018,<sup>4</sup> with a proposed rule and a proposed determination expected in the summer of 2017.<sup>5</sup> This timeline would allow the agencies to account for the most up-to-date and robust information concerning the light-duty fleet and the costs and effectiveness of the technologies needed to meet the standards. In developing information for the record, in allocating scarce automotive engineering

<sup>&</sup>lt;sup>2</sup> See 2017 and Later Model Year Light-Duty Vehicle Greenhouse Gas Emissions and Corporate Average Fuel Economy Standards, 77 Fed. Reg. 62,624 (Oct. 15, 2012). The State of California has its own GHG emission standards for light duty vehicles, but has amended its regulations to include a "deemed-to-comply" provision whereby automakers could show compliance with its state GHG emission standards by complying with EPA GHG regulations. Together, the California regulations and the EPA/NHTSA standards are referred to as the "One National Program."

<sup>&</sup>lt;sup>3</sup> See 77 Fed. Reg. at 62,633 (stating that EPA and NHTSA will act jointly in their proposed and final rulemaking in the Midterm Evaluation "[i]n order to align the agencies' proceedings for MYs 2022–2025 and to maintain a joint national program.")

<sup>&</sup>lt;sup>4</sup> Id.

<sup>&</sup>lt;sup>5</sup> See <a href="https://www.epa.gov/sites/production/files/2016-10/documents/grundler-sae-naipc-2015-09-17-presentation.pd">https://www.epa.gov/sites/production/files/2016-10/documents/grundler-sae-naipc-2015-09-17-presentation.pd</a> take the EPA Proposed Determination and NHTSA notice of proposed rulemaking would be released mid-2017 and the final determination made in April 2018).

## Global Automakers

resources, and in the expenditure of considerable sums, the industry relied upon this schedule and these repeated representations.

Finally, both EPA and NHTSA committed to a collaborative process that would fully account for the input of all stakeholders. To achieve this, the agencies stated that they would provide periods of public comment on the draft Technical Assessment Report (TAR) that EPA and NHTSA compiled in collaboration with the California Air Resources Board (CARB), and a separate period of comment with respect to EPA's and NHTSA's proposals concerning the MY 2022-2025 standards. Given that the agencies' actions on this matter would affect billions of dollars of investments on the part of automakers as well as the types of vehicles that would be made available to customers for years (if not decades) to come, it is critically important that the agencies get it right.

Despite this carefully constructed (and fully promised) process, EPA unilaterally reversed course 22 days after the Presidential Election. On November 30, 2016, EPA abruptly announced that it was abandoning its previously committed-toplan on the Midterm Evaluation and published a lengthy "Proposed Determination" concerning the appropriateness of the MY 2022-2025 GHG standards. Signaling its new intent to rush through a final Determination before the end of the Obama Administration, EPA provided stakeholders with just 30 days from the release of the Proposed Determination on EPA's website to provide comments (which was only 24 days from the date the Proposed Determination was published in the Federal Register). EPA was informed by many stakeholders that this comment period was far too short for an action of this magnitude and included a holiday period when many automakers are closed. Nevertheless, EPA's Final Determination was released on January 12, 2017.

When EPA announced the Proposed Determination, it styled its action as a "proposed adjudicatory determination.' EPA therefore took the position that its Determination could escape both the procedural requirements of Section 307 of the Clean Air Act<sup>9</sup> and the rulemaking provisions of the Administrative Procedures Act (APA). In the Final Determination and Response to Comment, EPA rejected the argument made by Global Automakers and many other stakeholders that the Determination amounted to a rulemaking because it is a prospective action setting agency policy. Consistent with its position that the Determination is not a rulemaking, EPA has not published the Determination in the Federal Register.

<sup>&</sup>lt;sup>6</sup> 77 Fed. Reg. at 62,784.

<sup>&</sup>lt;sup>7</sup> 81 Fed. Reg. 87,927 (Dec. 6, 2016).

<sup>&</sup>lt;sup>8</sup> See Proposed Determination at ES-2 and 2 n.2.

<sup>9 42</sup> U.S.C. § 7607(d)

<sup>&</sup>lt;sup>10</sup> 5 U.S.C. § 553

<sup>&</sup>lt;sup>11</sup> See EPA Final Determination on the Appropriateness of the Model Year 2022-2025 Light-Duty Vehicle Greenhouse Gas Emissions Standards under the Midterm Evaluation at 11, n.20.



### B. EPA Has Ample Authority to Reconsider the Determination

Regardless of whether the Final Determination is considered a rule or an adjudication, this EPA has the authority to withdraw and reconsider it. In the event that the Determination is an adjudication (as the prior EPA claimed), then the agency has inherent authority to reconsider that decision. "It is widely accepted that an agency may, on its own initiative, reconsider its interim or even its final decisions, regardless of whether the applicable statute and agency regulations expressly provide for such review." This is especially true where the underlying determination has "serious procedural and substantive deficiencies." Unless a statute expressly limits an agency's authority to reconsider its decisions—which is not the case here—then the agency may freely do so as long as reconsideration occurs within a reasonable time after the first decision and notice of the agency's intent to reconsider is given to the parties. <sup>14</sup>

In the event that the Determination did amount to a rulemaking, then it is subject to withdrawal and reconsideration for two separate and independent reasons. First, the Federal Register Act requires that all documents of "general applicability and legal effect" be published in the Federal Register. The EPA Final Determination has not been published in the Federal Register in contravention of this clear requirement. Thus, under President Trump's Memorandum for the Heads of Executive Departments and Agencies; Regulatory Freeze Pending Review, if it viewed as a rule the Final Determination can and should be withdrawn by the new Administration.

Second, an agency has inherent power to withdraw and reconsider a rule that suffers from fatal legal and procedural flaws.<sup>17</sup> Adhering to the proper procedures is a fundamental prerequisite for valid rulemaking.<sup>18</sup> Here, the Determination is invalid as a rule because EPA did not follow any of the procedural requirements set forth in Section 307(d) of the Clean Air Act. EPA did not convene a hearing to allow interested persons to comment on the Proposed Determination, and did keep the record of the proceedings open for 30 days to provide an opportunity for interested persons to submit rebuttal and supplementary information to the

<sup>&</sup>lt;sup>12</sup> Dun & Bradstreet Corp. Found. v. United States Postal Serv., 946 F.2d 189, 193 (2d Cir. 1991). See also ConocoPhillips Co. v. United States EPA, 612 F.3d 822, 832 (5th Cir. 2010) ("Embedded in an agency's power to make a decision is its power to reconsider that decision."); Gun South, Inc. v. Brady, 877 F.2d 858 (11th Cir. 1989) (holding that Bureau of Alcohol, Tobacco, and Firearms had the implied authority to correct the erroneous approval of firearms import application).

<sup>13</sup> Belville Mining Co. v. United States, 999 F.2d 989, 998 (6th Cir. 1993).

<sup>&</sup>lt;sup>14</sup> Dun & Bradstreet, 946 F.2d at 193.

<sup>15 44</sup> USC 1505(a)(2).

<sup>16 82</sup> Fed. Reg. 8346 (Jan. 24, 2017).

<sup>&</sup>lt;sup>17</sup> Citizens Against the Pellissippi Parkway v. Mineta, 375 F.3d 412, 416 (6th Cir. 2004)

<sup>&</sup>lt;sup>18</sup> United States v. Utesch, 596 F.3d 302, 312 (6th Cir. 2010) (stating that a "reviewing court must focus not merely on the ultimate rule but on the process of an administrative rulemaking; otherwise, an agency could always violate the APA's procedural requirements based on the representation that it would have adopted the same rule had the proper process been followed.")



record.<sup>19</sup> Presumably, the prior EPA ignored these requirements because to follow them would have prevented the agency from finalizing the Determination before the end of the Obama Administration. But politics is not a reason for running roughshod over important procedural protections found in the Clean Air Act.

# C. EPA Should Withdraw the Determination and Reopen the Rulemaking Record to Maintain the One National Program EPA Promised

EPA's Determination is a significant action by the agency that will have far-reaching ramifications for the industry and the automobile driving public. EPA readily concedes that the MY 2022-2025 standards will increase the prices of new motor vehicles by a substantial amount (according to EPA's own estimates), and will impact the types of vehicles sold in the U.S. An action of this magnitude requires a thoughtful and collaborative decision-making process. Here, however, EPA opted for political expediency instead, and jammed through a Final Determination in the waning days of the lame-duck Administration.

The EPA Determination suffers from many procedural and substantive flaws, any one of which would justify withdrawing the rule and reopening the rule making record. Among them are:

- Evaluation was designed so that the actions of EPA and NHTSA would be carefully coordinated every step of the way. As explained in the preamble to the 2012 rulemaking, "[i]order to align the agencies' proceedings for MYs 2022–2025 and to maintain a joint national program, if the EPA determination is that its standards will not change, NHTSA will issue its final rule concurrently with the EPA determination." This requirement is codified at 40 C.F.R. § 86.1818-12(h)(1)(vii), which requires EPA's Midterm Evaluation to account for "[t]he impact of the greenhouse gas emission standards on the Corporate Average Fuel Economy standards and a national harmonized program." Without providing any justification for its doing so, EPA violated this central tenet of the Midterm Evaluation by finalizing its Determination more than a year before NHTSA's rulemaking is expected to be completed and acted contrary to its own regulations. NHTSA is currently in the middle of its rulemaking process for MY 2022-2025 fuel economy standards, and its decision will be based on more up-to-date information than EPA's. Consequently, there is a risk that NHTSA will reach a different conclusion from EPA concerning appropriatest and ards for MY 2022-2025. This is the antithesis of the One National Program that EPA agreed to.
- Needlessly accelerating the timeline for the GHG Midterm Evaluation. Prior to November 2016, EPA had repeatedly represented that it would propose its determination/rulemaking in the summer of 2017 and finalize its actions by April 2018. Based on these representations, Global Automakers and other

<sup>19 42</sup> U.S.C. § 307(d)(5).

<sup>&</sup>lt;sup>20</sup> 77 Fed. Reg. at 62,633.



members of the auto industry commissioned several studies concerning the baseline light duty fleets and the technologies necessary to meet the current MY 2022-2025 standards. EPA was informed that these studies will be important for its determination but would not be complete until the promised mid-2017 timeframe. Additionally, EPA was urged to delay its actions so that it could account for the most up-to-date information concerning the technologies needed to meet the standards, their costs, and their impacts on consumers—as NHTSA is doing with its rulemaking. EPA ignored these calls and finalized its determination based on a record that was far from complete solely to rob the incoming Administration of an opportunity to have input on this important matter.

- Failure to provide an adequate period for public comment. The Proposed Determination and the accompanying Technical Support Document consisted of almost 1,000 pages, and cited almost 1,100 references, many of which are new or significantly revised since the earlier Draft TAR. Additionally, EPA conducted 102 new runs of the computer models it uses to assess the effectiveness of fuel saving technologies. Thirty days is an insufficient time period for stakeholders to fully review, analyze, and prepare detailed comments on an action as significant and complex as EPA's Determination—especially in light of the intervening national holidays. EPA offered no reasoned explanation as to why it was short-circuiting the comment period on such an important agency action.
- Failure to address the GHG emission program as a whole. In its rush to finalize its Determination, EPA answered only half the question, *i.e.*, whether the numeric standards expressed in the footprint-based curves remain appropriate. However, the GHG regulations also include program flexibilities that automakers rely on to meet the standards. These flexibilities provide incentives for the early adoption of advanced fuel-saving technologies and help manufacturers smooth out annual variability in compliance over several model years. They are an important aspect of the One National Program, and they provide real and lasting environmental benefits. EPA's failure to look at the entire program as a whole was inconsistent with the very purpose of the Midterm Evaluation.
- Failure to respond adequately to comments concerning consumer acceptance, cost and technology effectiveness. EPA received more than 100,000 public comments on the Proposed Determination. Many of the comments from industry focused on the extent to which lack of consumer acceptance may impact the ability to achieve the standards, as well as the costs and effectiveness of the necessary technologies. The fact that EPA finalized its Determinationa mere 13 days after the close of the comment period demonstrates that the agency could not have adequately responded to all of these comments. Indeed, a review of the final Determination and the Response to Comments reveals that EPA did not provide adequate responses to the many comments given.

<sup>&</sup>lt;sup>21</sup> See Determination at 1.

## Global Automakers

EPA's determination as to the appropriateness of the GHG emission standards for MY 2022 through 2025 was a significant action that will have wide-ranging implications for the automobile industry and the carbuying public. It was therefore important that EPA reach its decision based on an open and collaborative process, and only after fully considering all of the most up-to-date information concerning the costs and feasibility of the technologies necessary to meet the standards. Rather than adhering to such a process that it had agreed to and promised in 2012, EPA rushed through a Final Determination at the very end of the previous Administration. Therefore, we respectfully request that EPA: (a) withdraw the Determination, (b) reopen the record on the Midterm Evaluation, and (c) reset the timetable for EPA's actions so that they align with NHTSA's rulemaking.

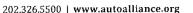
Thank you for your prompt consideration of this matter.

Sincerely,

John Bozzella President and CEO

Association of Global Automakers

cc: Secretary Elaine Chao, DOT Kevin Green, DOT Bill Charmley, EPA Chris Grundler, EPA Michael Olechiw, EPA Rebecca Yoon, NHTSA James Tamm, NHTSA Alberto Ayala, CARB





February 21, 2017

G. Scott Pruitt
Administrator
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue, N.W.
Mail Code 1101A
Washington, D.C. 20460

RE: Final Determination on the Appropriateness of the Model Year 2022-2025 Light-Duty Vehicle Greenhouse Gas Emissions Standards under the Midterm Evaluation

Dear Administrator Pruitt,

I write on behalf of the Alliance of Automobile Manufacturers (Alliance), an association representing twelve leading manufacturers of cars and light trucks, to request that the U.S. Environmental Protection Agency (EPA) withdraw the Final Determination on the Appropriateness of the Model Year 2022-2025 Light-Duty Vehicle Greenhouse Gas Emissions Standards under the Midterm Evaluation (Final Determination) which was announced on January 13, 2017 but never published in the Federal Register.

For the auto industry, the Final Determination may be the single most important decision that EPA has made in recent history. The Alliance requests that EPA withdraw the Final Determination and resume the Midterm Evaluation, in accordance with its original timetable, to remedy the severe procedural and substantive defects that have infected the process to date. We explain, in more detail below, EPA's authority to withdraw the Final Determination and why that withdrawal is appropriate and essential.

### 1. EPA Should Exercise Its Authority to Withdraw the Final Determination

As you know, on January 20, the White House issued a memorandum to the heads of all executive departments and agencies instituting a freeze on regulatory activity, pending review by the Office of Management and Budget (OMB) Director.<sup>2</sup> The Alliance urges EPA to withdraw the Final Determination on its own initiative in accordance with the regulatory freeze. Irrespective of whether EPA considers the Final Determination a rule or an adjudication, the Final Determination should be reviewed

























<sup>&</sup>lt;sup>1</sup> Alliance members are BMW Group, FCA US LLC, Ford Motor Company, General Motors Company, Jaguar Land Rover, Mazda, Mercedes-Benz USA, Mitsubishi Motors, Porsche Cars North America, Toyota, Volkswagen Group of America, and Volvo Car USA.

<sup>&</sup>lt;sup>2</sup> See Memorandum for the Heads of Executive Departments and Agencies, Jan. 20, 2017, https://www.whitehouse.gov/the-press-office/2017/01/20/memorandum-heads-executive-departments-and-agencies.

and withdrawn. As the Alliance has noted, a wealth of precedents confirm that the Final Determination is a rule, and all rules not yet published in the *Federal Register* are subject to the regulatory freeze.<sup>3</sup> Even if EPA continues to construe the Final Determination as an adjudication, however, it is still subject to the regulatory freeze as an "agency statement of general applicability and future effect 'that sets forth a policy on a statutory, regulatory, or technical issue or an interpretation of a statutory or regulatory issue." The Final Determination reaffirms and reinstates industry-wide greenhouse gas emissions standards for all light vehicles sold in America for MY 2022-2025, and thereby establishes a policy on a regulatory issue of central importance to the auto industry.

Furthermore, EPA has ample authority to withdraw the Final Determination on its own initiative, irrespective of whether EPA considers it a rule or an adjudication. If the Final Determination is a rule, it is clearly a nonfinal one, because it has not been published in the *Federal Register*. See 5 U.S.C. § 553(d); Kennecott Utah Copper Corp. v. U.S. Dep't of Interior, 88 F.3d 1191, 1209 (D.C. Cir. 1996). And, as a nonfinal rule, EPA can readily withdraw the Final Determination without engaging in notice-and-comment rulemaking. Kennecott, 88 F.3d at 1206.

Even if EPA continues to endorse the view that the Final Determination is an adjudication, however, EPA has broad inherent power to reconsider its decision "within the period available for taking an appeal." *Am. Methyl Corp. v. EPA*, 749 F.2d 826, 835 (D.C. Cir. 1984). Agencies have long exercised this power to fix determinations like this one that suffer from "serious procedural and substantive deficiencies." *Belville Min. Co. v. United States*, 999 F.2d 989, 998 (6th Cir. 1993). Regardless of how EPA classifies the Final Determination, EPA should promptly withdraw it in light of the many procedural and substantive flaws described below.

## 2. EPA Has Abrogated Its Commitment to a Robust Midterm Evaluation

As the Supreme Court has recognized, EPA's regulatory efforts to address greenhouse gases have already produced "the single largest expansion in the scope of the [Clean Air Act] in its history." In 2009, EPA issued an Endangerment Finding that motor vehicle greenhouse gas emissions contribute to climate change and thereby threaten public health and welfare. Thereafter, EPA and the National Highway Traffic Safety Administration (NHTSA) began jointly setting greenhouse gas emissions and fuel economy standards for new light-duty motor vehicles, starting with Model Year (MY) 2012-2016. Then, in 2012, EPA and NHTSA took the unprecedented step of

<sup>&</sup>lt;sup>3</sup> See Alliance Comments on Proposed Determination on Appropriateness of the Model Year 2022-2025 Light-Duty Vehicle Greenhouse Gas Emissions Standards under the Midterm Evaluation at 11-13, Dec. 30, 2016, Docket ID No. EPA-HQ-OAR-2015-0827; Memorandum for the Heads of Executive Departments and Agencies, Jan. 20, 2017.

<sup>&</sup>lt;sup>4</sup> Utility Air Regulatory Group v. EPA, 134 S. Ct. 2427, 2436 (2014) (internal quotation marks omitted).

setting joint greenhouse gas and fuel economy standards over a decade in advance for MY 2022-2025 vehicles. 77 Fed. Reg. 62,628 (Oct. 15, 2012). No agency ever had set emissions standards so far into the future, and all stakeholders understood that no one could accurately project the circumstances affecting the technological and economic feasibility of these standards.

The Alliance supported these efforts—but only on the condition that EPA and NHTSA would reassess standards as data became available to test their feasibility. That commitment was essential because of the great uncertainty regarding the feasibility of the future standards. Based on the projections in the 2012 rule, manufacturers must achieve an average 54.5 miles per gallon equivalent across their new vehicle fleets by 2025. Even today, no conventional vehicle today meets that target, and conventional vehicles comprise 96.5% of the new light-duty vehicle fleet. Only some non-conventional vehicles (i.e., hybrid, plug-in electric, and fuel-cell vehicles), which comprise fewer than 3.5% of today's new vehicles, currently can do so.<sup>5</sup> Even under EPA's optimistic estimates, the automotive industry will have to spend a staggering \$200 billion between 2012 and 2025 to comply, making these standards many times more expensive than the Clean Power Plan.<sup>6</sup>

EPA and NHTSA committed to a robust Midterm Evaluation that would take a fresh look at these standards by April 2018. The agencies promised that this review would be collaborative, so that the industry could offer the agencies real-life data to adjust their model-driven forecasts. The agencies also committed to developing greenhouse gas emissions standards and fuel economy standards in tandem. And they repeatedly represented that they would not complete the Proposed Determination/Notice of Proposed Rulemaking until mid-2017 at the earliest. The industry took the agencies at their word, commissioning complex studies critical to assessing the MY 2022-2025 standards and the processes used by EPA in its analysis, that we had expected to add to the administrative record for the Midterm Evaluation in 2017.

On November 30, 2016, EPA abruptly abrogated these commitments. EPA issued a Proposed Determination that the MY 2022-2025 standards should go into force

<sup>&</sup>lt;sup>5</sup> "Light-Duty Automotive Technology, Carbon Dioxide Emissions, and Fuel Economy Trends: 1975 through 2016," at 118. U.S. Environmental Protection Agency. EPA-420-R-16-010, Nov. 2016.

<sup>&</sup>lt;sup>6</sup> See EPA Regulatory Impact Analysis for 2012-2016 rule (EPA-420-R-10-009, Apr. 2010) at https://www.epa.gov/regulations-emissions-vehicles-and-engines/final-rule-model-year-2012-2016-light-duty-vehicle; EPA Regulatory Impact Analysis for 2017-2025 rule (EPA-420-R-12-016, Aug. 2012) at https://www.epa.gov/regulations-emissions-vehicles-and-engines/final-rule-model-year-2017-and-later-light-duty-vehicle.

<sup>&</sup>lt;sup>7</sup> See 40 C.F.R. § 86.1818-12(h), 77 Fed. Reg. 62,784 (Oct. 15, 2012), 40 C.F.R. § 86.1818-12(h)(1) -(2); 81 Fed. Reg. 49,219 (July 27, 2016).

<sup>&</sup>lt;sup>8</sup> See Alliance Comments on Proposed Determination at 10, Dec. 30, 2016, Docket ID No. EPA-HQ-OAR-2015-0827.

without modification. EPA issued the Proposed Determination without coordinating with NHTSA. EPA demanded comments by December 30, 2016, even though the Proposed Determination was not published in the Federal Register until December 6. The public and industry had a mere 24 days, spanning a major national holiday, to comment on nearly 1,000 pages of documents, plus additional cited documents and computer modeling, regarding requirements that will profoundly affect the automobile industry and the more than 900,000 American workers it directly employs. After EPA denied requests by various stakeholders to extend the abbreviated comment period, we did our best to file substantive comments. EPA received more than 100,000 public comments, including 63 sets of comments from various organizations spanning hundreds of pages. 10 Many objected that the comment period was inadequate. EPA denied all requests to extend the abbreviated comment period and yet EPA issued the Final Determination on January 13, 2017, just 14 days after the comment period closed. EPA brushed aside objections to its procedural shortcuts and never justified the need for such an abbreviated comment period. EPA also rejected commenters' substantive and technical concerns by resting on its earlier analysis.

## 3. EPA Should Withdraw the Final Determination Immediately

The Final Determination is the product of egregious procedural and substantive defects and EPA should withdraw it.<sup>11</sup> In EPA's rush to promulgate the Final Determination before the new administration took office, EPA bypassed required procedures, failing for instance to provide an adequate period for meaningful notice and comment. The Final Determination asserts that there was no need for more time because the Proposed Determination did not include much new material. But that contention is belied by EPA's acknowledgement that the Proposed Determination adjusted a number of EPA assumptions in response to commenters who pointed out errors at earlier stages. The industry also had an unacceptably short period to try to ascertain why EPA rejected many of its objections.<sup>12</sup> These procedural defects are significant irrespective of whether the Final Determination constitutes rulemaking or adjudication.

EPA's unilateral announcement of its Final Determination also constitutes a failure to harmonize its greenhouse gas emissions standards with NHTSA's fuel-economy standards, contrary to the letter and intent of EPA's own regulations. NHTSA has not yet reached a determination on its fuel economy standards and continues its

<sup>&</sup>lt;sup>9</sup> U.S. Department of Labor, Bureau of Labor Statistics, 2015, U.S. Vehicle and Equipment Manufacturing Employment equaled 909,700 people.

<sup>&</sup>lt;sup>10</sup> Final Determination, Response to Comments at 1-3.

<sup>&</sup>lt;sup>11</sup> See Alliance Comments on Proposed Determination, Dec. 30, 2016, Docket ID No. EPA-HQ-OAR-2015-0827.

<sup>&</sup>lt;sup>12</sup> See Final Determination, Response to Comments at 7.

Midterm Evaluation rulemaking activities. EPA's failure to act in coordination with NHTSA also casts serious doubt on the legitimacy of EPA's data and conclusions, given the substantial discrepancies between EPA's and NHTSA's analysis of the technologies and costs associated with the MY 2022-2025 standards.<sup>13</sup>

Furthermore, EPA's Final Determination that the MY 2022-2025 greenhouse gas standards should remain unchanged, is riddled with indefensible assumptions, inadequate analysis, and a failure to engage with contrary evidence. Here are just a few examples:

- EPA estimated that these standards will cost the industry at least \$200 billion. But EPA underestimated the burden. Contrary to EPA's assumptions, manufacturers will have to rely on much more expensive electrified technologies (i.e., hybrids and plug-ins), driving up vehicle prices and depressing auto sales.
- EPA refused to conduct an analysis of consumer acceptance and technology affordability needed for compliance, claiming this was too difficult.
- EPA refused to analyze substantively the economic impact of the MY 2022-2025 standards, instead making cursory assertions that downplayed the impact of its mandate on auto sales and employment.
- EPA refused to consider many of the Alliance's technical concerns even when supported by an outside consultant<sup>14</sup>, asserted the Alliance provided insufficient data, and then refused further meetings for clarification.
- 4. <u>Studies and Data Highly Relevant to the Midterm Evaluation Have Not Been</u> Submitted to EPA Because They Still Are Pending

It is particularly critical that EPA withdraw the current Final Determination and reopen the Midterm Evaluation process because analysis commissioned according to EPA's original timetable is ongoing and the Alliance expects that new information relevant to the Final Determination's underlying assumptions and resulting analysis will soon emerge. EPA's rushed timetable, coupled with its about-face on the timing of the Midterm Evaluation, prevented consideration of this information.

<sup>&</sup>lt;sup>13</sup> See Alliance Comments on US EPA, US DOT, California's Air Resources Board Draft Technical Assessment Report of Greenhouse Gas Emissions and Fuel Economy Standards for Model Year 2022-2025 Cars and Light Trucks at ES-9, Sept. 26, 2016, Docket ID No. EPA-HQ-OAR-2015-0827, NHTSA's costs are approximately 42% higher than EPA's (NHTSA Table ES-2 v. EPA ES-4 Table ES-1).

<sup>&</sup>lt;sup>14</sup> See Novation Analytics Comments on Draft Technical Assessment, Sept. 26, 2016; Docket ID No. EPA-HQ-OAR-2015-0827.

We urge EPA to reconsider imposing such a far-reaching mandate on an entire industry without adequately considering the consequences, and without giving stakeholders a meaningful opportunity to comment. The MY 2022-2025 standards threaten to depress an industry that can ill afford spiraling regulatory costs. If left unchanged, those standards could cause up to 1.1 million Americans to lose jobs due to lost vehicle sales. <sup>15</sup> And low-income households would be hit the hardest. <sup>16</sup>

The Alliance is not asking EPA to make a different Final Determination at this time. All we are asking is that EPA withdraw the Final Determination and resume the Midterm Evaluation, in conjunction with NHTSA, consistent with the timetable embodied in EPA's own regulations. We believe that, if carried out as intended, the Midterm Evaluation can lead to an outcome that makes sense for all affected stakeholders and for society as a whole.

The Alliance welcomes the opportunity for further dialogue about ways to rekindle the industry's longstanding cooperation with EPA on these issues.

Sincerely

Mitch Bainwol
President and CEO

Cc: Secretary Elaine Chao, DOT
Kevin Green, DOT
Bill Charmley, EPA
Chris Grundler, EPA
Michael Olechiw EPA
Rebecca Yoon, NIITSA
James Tamm, NHTSA
Mike McCarthy, CARB
Annette Hebert, CARB

<sup>&</sup>lt;sup>15</sup> McAlinden, Sean, et al., *The Potential Effects of the 2017-2025 EPA/NHTSA GHG/Fuel Economy Mandates on the U.S. Economy*, Center for Automotive Research (Sep. 2016) at 49. Referring to the \$3.00 per gallon gasoline price \$6,000 technology cost scenario.

<sup>&</sup>lt;sup>16</sup> Walton, Tom, et al., The Impact of Future Fuel Economy Standards on Low Income Households, Defour Group LLC (Sep. 2016); Walton, Tom, et al., Defour Group Response to EPA Rejoinders to Defour Group / Alliance of Automobile Manufacturers Submission Regarding the Regressivity/Affordability of EPA's Proposed Fuel Economy Standards, (Dec. 2016).

To: Charmley, William[charmley.william@epa.gov]

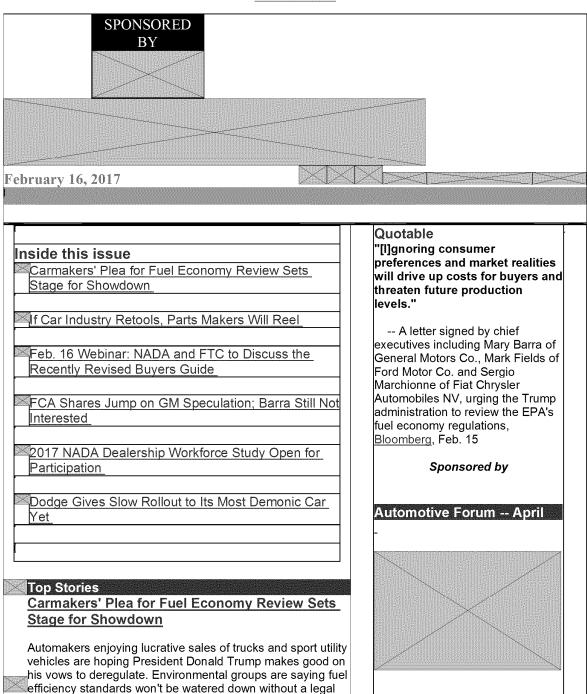
From: NADA Headlines

challenge.

**Sent:** Thur 2/16/2017 4:12:34 PM

Subject: Carmakers' Plea for Fuel Economy Review Sets Stage for Showdown

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Eighteen auto industry executives sent a letter to Trump on Friday, asking him to reinstate an Environmental Protection Agency review of fuel economy regulations through 2025 that they say was unfairly cut short during the final days of the Obama administration. That letter could be the opening act in a potential drawn-out battle in Washington and in U.S. courts as environmental groups consider suing to stall or derail any effort to lower the targets.

The issue auto executives raised in their letter last week was the review process for the nation's fuel efficiency standards. The companies and then-President Barack Obama struck a deal in 2011 to double average fuel economy of vehicles to 54.5 miles per gallon by 2025, with the caveat that a midterm review would determine whether the standards for the final years of the program were feasible.

Automakers say falling gasoline prices have squelched demand for the most fuel-efficient vehicles, making achieving the standards more difficult. Just a week before Trump took office, the EPA said it had concluded its review more than a year ahead of schedule and the rules didn't need to be changed.

Source: Bloomberg

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#### If Car Industry Retools, Parts Makers Will Reel

Lift the hoods of the world's auto makers to see the problems in store for companies that have thrived on the automotive global supply chain. Car makers are reeling with the uncertainty of President Donald Trump's threats to impose border tariffs and import duties—their earnings calls these days are peppered with comments and questions on U.S. investment plans. So it is worth considering how much of a car is actually made in the U.S., as American imports of car parts surge.

There is the car and then everything that has gone into putting the car together. While the focus has remained on the former, it is the automotive parts that could substantially raise the costs of making cars. Tariffs could likely apply to both—the car and the parts, so the compounding effect looks painful.

Source: The Wall Street Journal (Subscription required.)

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# Feb. 16 Webinar: NADA and FTC to Discuss the Recently Revised Buyers Guide

Join NADA and FTC attorney John Hallerud in a webinar covering the changes to the Used Car Rule and the revised Buyers Guide. Learn how to properly produce, use and complete the revised Buyers Guide, and ask your questions directly to the FTC. This webinar is open to dealers, dealership staff, dealer attorneys, dealership compliance professionals, and dealership forms providers. Click here to register.

Date: Today, Thursday, Feb. 16, 2017

Time: 1 p.m. ET **Duration:** 75 minutes

Source: NADA

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### FCA Shares Jump on GM Speculation; Barra Still **Not Interested**

Fiat Chrysler Automobiles shares have outpaced General Motors in the initial aftermath of a potential Opel sale, amid fresh speculation the two could combine. The problem: GM CEO Mary Barra still isn't interested. Analysts are seeing GM's proposed sale of its European business creating an opening for FCA to revive its long-standing -- and one-sided effort -- to combine with GM. Shedding Opel would eliminate GM's overlap with Fiat in Europe and clear the way for the largest U.S. automaker to replace money-losing operations with Fiat's profitable brands.

Source: Bloomberg / Automotive News

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### 2017 NADA Dealership Workforce Study Open for **Participation**

### For participating in the study, dealerships will receive two complimentary reports.

With a retail workforce topping 1 million and the industry poised for growth, dealerships need to focus on hiring and keeping talented employees. The NADA Dealership Workforce Study (DWS) provides one-of-a-kind analysis of dealership pay plans and benefit packages, retention and turnover, employee benefits, work schedules and demographics. It is based on actual payroll data and questionnaire responses submitted by NADA and ATD members. The DWS is open for participation now through April 28, 2017, at www.nadaworkforcestudy.com.

In return for participating in the study, dealerships will receive two complimentary reports: (1) Automotive Retail: National and Regional Trends in Compensation, Benefits and Retention and (2) a custom report, which includes comparisons of the dealership(s) to peers nationally, regionally, by state and brand. All data must be submitted by April 28, 2017. To participate in the study, go to www.nadaworkforcestudy.com to begin. For questions, email WorkforceStudy@nada.org.

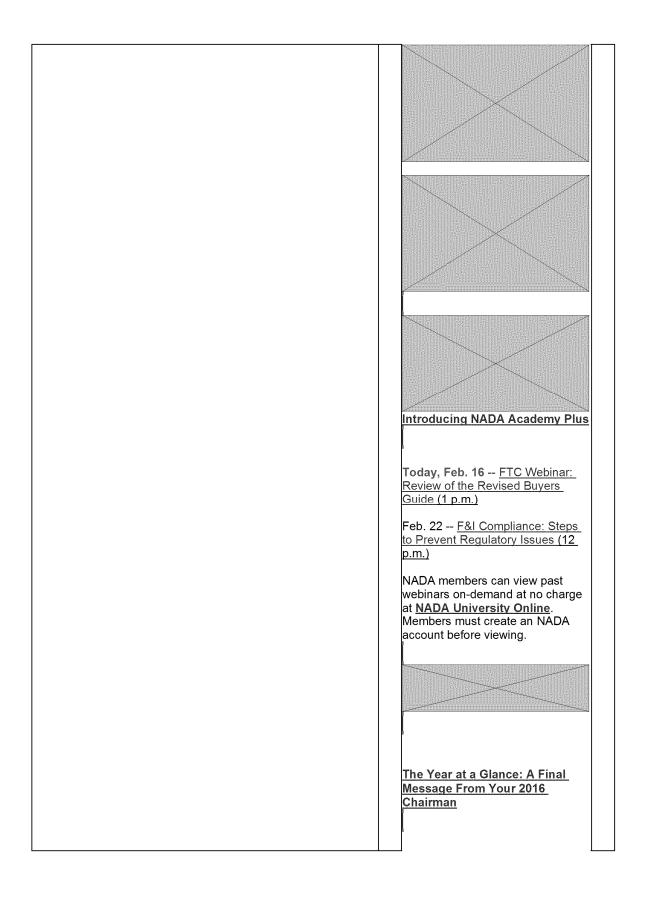
Source: NADA Dealership Operations

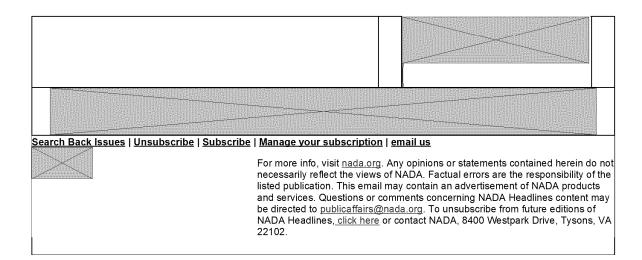
[back to top]

### PasD Adthicles/es Slow Rollout to Its Most Demonic Car Yet

From the slow-motion rollout that Fiat Chrysler is giving its · lates petrol manstern cousts this Thuring is used to the article of the course Charled the SRT Demon will be fast. Really fast. The company is relied shapmed altered to the street were the same of the street will be fast. The same of the sam

Auto Show in April, where Demon will make its debut. The videos, including the latest, "Forced Induction," are all finding a home on a special website. Tim Kuniskis, FCA's head of passenger car brands, has said that the Demon would be more powerful than the Challenger Hellcat models, which are powered by a 6.2-liter, supercharged V-8 engine that delivers 707 horsepower. Source: Detroit Free Press [back to top] for Participation
Feb. 13 - Tax Threat Heightens Concern about Affordability
Feb. 10 - Mexican Tariff Could Hit Lower-Income Car Feb. 9 - Nissan Profit Climbs as SUV Sales Pick Up





To: Charmley, William[charmley.william@epa.gov]

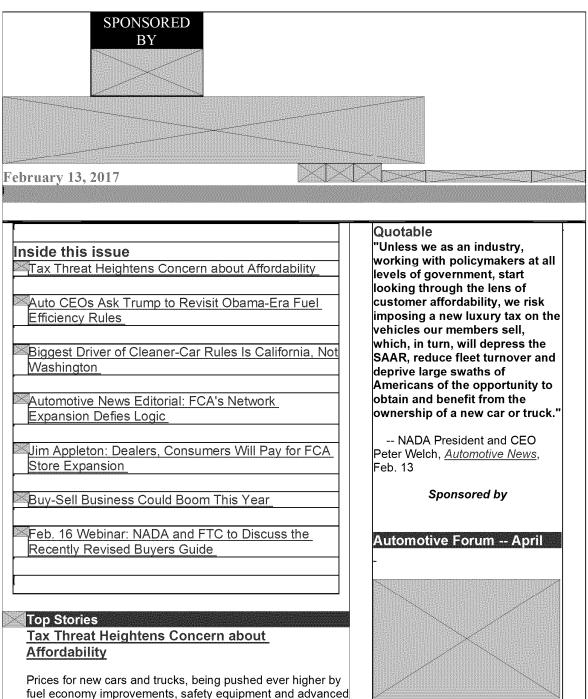
From: NADA Headlines

**Sent:** Mon 2/13/2017 3:47:59 PM

Subject: Tax Threat Heightens Concern about Affordability

technology, could soar out of range for many buyers with the

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addition of an import tax to the equation.

Among the vehicles hit hardest would be entry-level nameplates that automakers rely on as gateways for new customers but say they can't make profitably in the U.S.

President Donald Trump and House Republicans have floated the idea of taxing vehicles and other goods that enter the nation's borders, while providing more favorable tax treatment to exports. Such a tax would have drastic effects on the auto industry, raising prices not only on Nissan Versas, Ford Fusions and crew-cab Chevrolet Silverados assembled in Mexico, but also on many of the imported components that U.S. plants use.

The tax would ripple through dealerships, which would pay more to carry higher-priced vehicles in inventory. Auto sales would inevitably decline, as some consumers instead visit a pre-owned lot or hold onto their current vehicles longer, and that could lead to job losses both on sales floors and assembly lines.

"We already have an affordability issue with the auto industry," said Cody Lusk, president of the American International Automobile Dealers Association. "We're already pushing it with consumers, with the average payment going up and loan terms being stretched out."

Source: Automotive News

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### Auto CEOs Ask Trump to Revisit Obama-Era Fuel Efficiency Rules

The chief executives of 18 automakers asked President Donald Trump to reinstate a U.S. Environmental Protection Agency review of fuel efficiency regulations through 2025 that they say was unfairly cut short during the final days of the Obama administration. In a Feb. 10 letter, executives including Mary Barra of General Motors Co., Ford Motor Co.'s Mark Fields and Fiat Chrysler Automobiles NV boss Sergio Marchionne asked Trump to return the review to its original schedule, giving the new administration a chance to shape the outcome.

Source: Bloomberg

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# Biggest Driver of Cleaner-Car Rules Is California, Not Washington

State has power to set mandate on zero-emissions separate from U.S. efforts

Ford Motor Co. Chief Executive Mark Fields used a recent White House breakfast with President Donald Trump to argue for relaxing U.S. car-emissions standards. But Mr. Fields and other auto executives need to travel 2,700 miles west of Washington to find the government officials who are pushing them the most on environmental regulations. When it comes

to forcing auto makers to build cleaner cars, California is in the driver's seat.

Source: The Wall Street Journal (Subscription required.)

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# Automotive News Editorial: FCA's Network Expansion Defies Logic

Automakers and dealers would find it impossible to survive without each other's support. Yet from time to time, manufacturers seem to forget this and proceed without regard for the economic well-being of their partners. The latest example: Fiat Chrysler's move to add approximately 380 stores to its network of about 2,500 U.S. dealerships. We question that logic. Have FCA's sales been faltering lately because the company has too few dealers? Certainly not. Source: Automotive News

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# Jim Appleton: Dealers, Consumers Will Pay for FCA Store Expansion

A manufacturer's power to create a new dealership location is the power to destroy any number of existing dealerships within the market. FCA's drive to create hundreds of new locations across the U.S. may be a sign of real optimism about the future. And that sign of strength is certainly good news to dealers and dealer advocates; that is until a rash of new points threatens to undermine the financial stability of incumbent dealerships, the employees who work there, and the consumers and communities that rely on these established businesses.

Jim Appleton is president of the New Jersey Coalition of Automotive Retailers, which represents dealers at the state's 500-plus franchised new-car and -truck dealerships. Source: Automotive News

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#### Buy-Sell Business Could Boom This Year

This year's buy-sell activity is expected to outpace 2016's in volume -- if sellers continue to come to market and prices drop, buy-sell advisers say. "We have projected this to be the most active buy-sell market in history," said Erin Kerrigan, managing director of Kerrigan Advisors in Irvine, Calif. Kerrigan said the number of buyers and her client base of sellers are growing.

Source: Automotive News

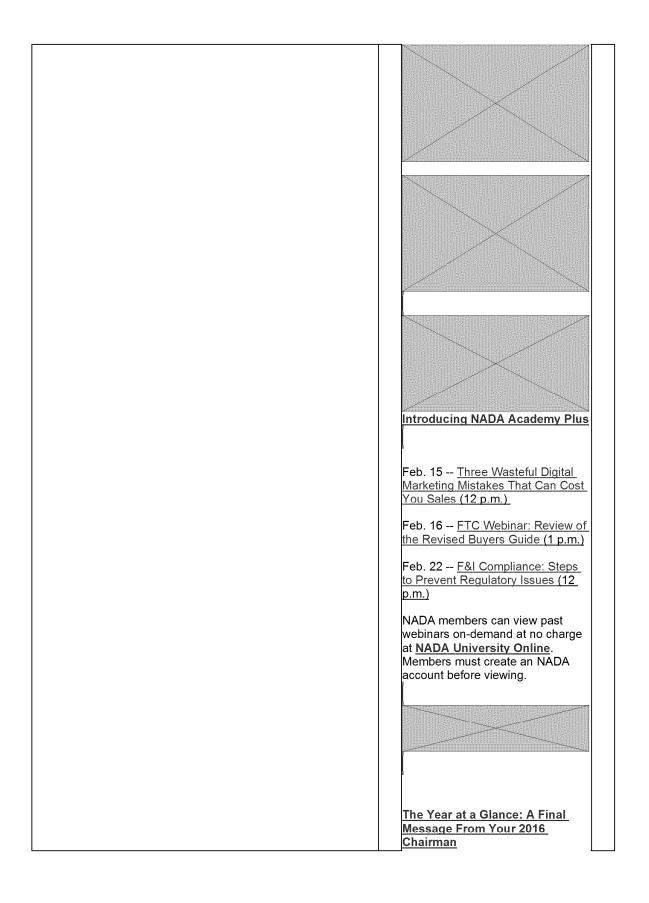
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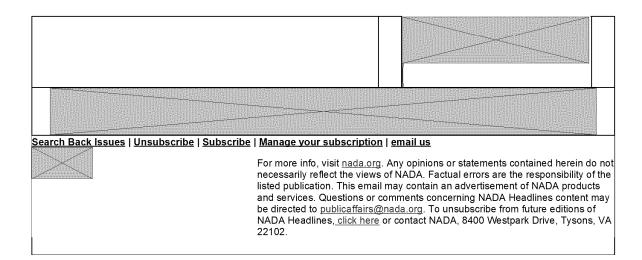
## PaseAxticles ebinar: NADA and FTC to Discuss the Recently Revised Buyers Guide

Join NADA and FTC attorney John Hallerud in a webinar covering the waste of the covering the cov

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directly to the FTC. This webinar is open to dealers, dealership staff, dealer attorneys, dealership compliance professionals, and dealership forms providers. Click here to register. Date: Thursday, Feb. 16, 2017 Time: 1 p.m. ET **Duration:** 75 minutes Source: NADA [back to top] Feb. 8 - GM Aims SUVs at Shrinking Margin After Record Annual Profit Feb. 7 - GM Posts \$9.43 Billion in Net Profits for '16 Feb. 6 - FCA's Plan to Add Stores Riles Dealers



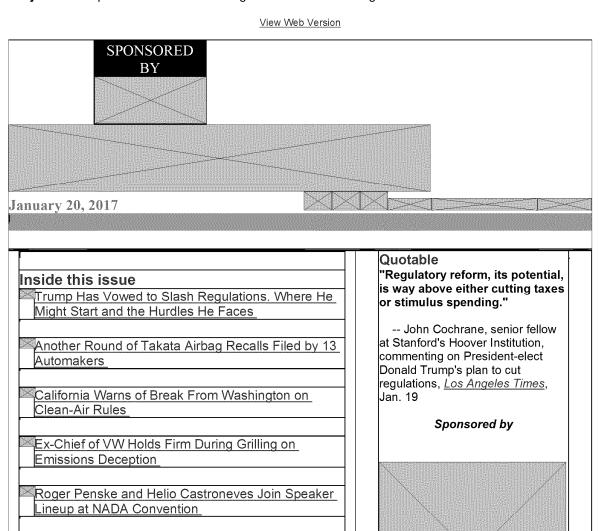


To: Charmley, William[charmley.william@epa.gov]

From: NADA Headlines

Sent: Fri 1/20/2017 4:09:20 PM

Subject: Trump Has Vowed to Slash Regulations. Where He Might Start and the Hurdles He Faces



### Top Stories

Trump Has Vowed to Slash Regulations. Where He Might Start and the Hurdles He Faces

Donald Trump's ascendance to the White House has raised hopes among U.S. businesses for the most significant rollback of regulations since the Reagan administration. Cutting regulations is not only a key component in Trump's goal of doubling economic growth to 4%, but some economists regard it as potentially the most powerful agent for revving up the sluggish pace of business investment and overall productivity, the single biggest factor in improving the

NADA members can view past webinars on-demand at no charge at NADA University Online. living standards of Americans. Trump has called Dodd-Frank "a very negative force" in the economy. And his Treasury secretary designee, Steven Mnuchin, believes that Dodd-Frank is too complicated and an obstacle to lending, and has pledged to strip back parts of the law and make that priority No. 1 on regulatory reform.

Source: Los Angeles Times

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# Another Round of Takata Airbag Recalls Filed by 13 Automakers

More than a dozen automakers this week recalled another 652,000 vehicles with Takata airbag inflators in the U.S. to replace front passenger inflators as the largest callback in the history of the auto industry continues to cascade through the regulatory process. The 13 automakers that posted recalls in the latest U.S. batch are Audi, BMW, Daimler Vans, Ferrari, Jaguar Land Rover, Mazda, Mercedes-Benz, Mitsubishi, Nissan, Subaru, Tesla, McLaren and Karma.

Source: Automotive News

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# California Warns of Break From Washington on Clean-Air Rules

California sent a warning shot in a potential showdown with the incoming Trump administration, with the state's clean-air regulators digging in on mandates for an ever-greater number of electric and fuel-cell cars. The staff of California's Air Resources Board called national efforts to promote electrification "very modest" after 2025 as it released a more than 660-page report Wednesday on the future of zero-emission vehicles, or ZEVs. If federal emissions standards are substantially changed, the state may revisit whether to keep coordinating with Washington's policies, they said. *Source: Bloomberg* 

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### Ex-Chief of VW Holds Firm During Grilling on Emissions Deception

Volkswagen's former chief executive, Martin Winterkorn, yielded no ground on Thursday during a polite grilling by German lawmakers over the carmaker's diesel-emissions deception, but he astonished them by insisting that he had not heard the term "defeat device" before September 2015, when the scandal broke. Appearing in public for the first time since he resigned over the case, Mr. Winterkorn, who worked at the company for more than 35 years, contended, as he has all along, that he had not been aware of any wrongdoing. Source: The New York Times

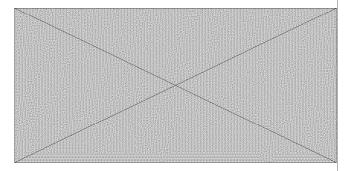
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### Pask AgeticResnske and Helio Castroneves Join Speaker Lineup at NADA Convention

Advance registration discount for dealers and managers

#### ends Friday, Jan. 20.

Motorsports legends Roger Penske, chairman of Penske Corporation, and Helio Castroneves, three-time Indianapolis 500 winner for Team Penske Racing, will take the stage at the 2017 NADA Convention and Expo in New Orleans on Saturday, Jan. 28. Keith Crain, editor-in chief of *Automotive News*, will moderate the discussion.



"As NADA celebrates its centennial, it's a wonderful honor for it to salute Roger Penske on 50 years of motorsports along with Helio Castroneves, who is an icon at Indianapolis as well as becoming a participant in an auto dealership," Crain said. "NADA's 100th anniversary is a milestone for auto dealers across this nation."

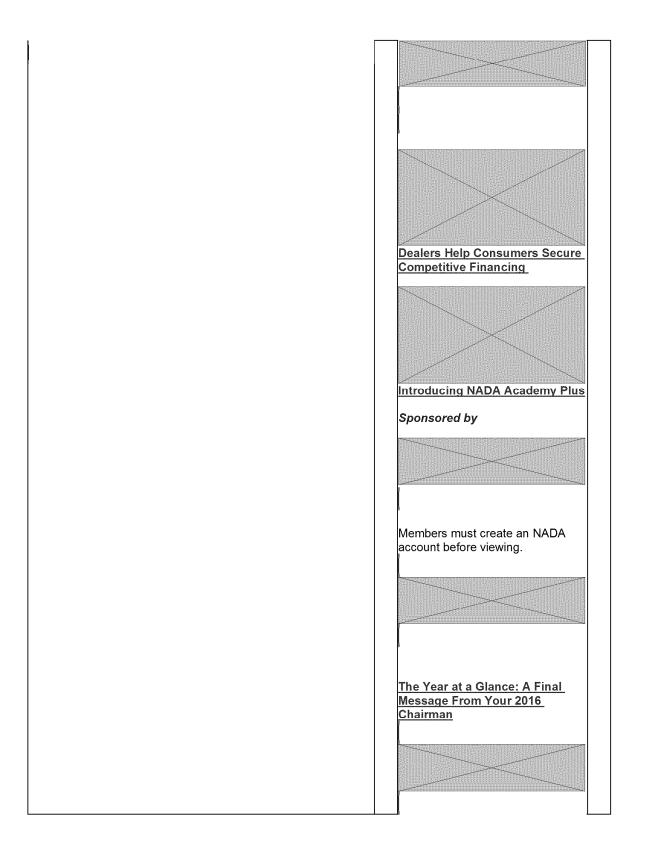
Mark Fields, president and CEO of Ford Motor Company, will sit down with 2016 NADA Chairman Jeff Carlson for a fireside chat during the opening general session on Friday, Jan. 27. Other speakers at the NADA convention – which runs from Thursday, January 26, to Sunday, January 29 – include Carlson (Jan. 27) and 2017 NADA Chairman Mark Scarpelli (Jan. 28), *New York Times* best-selling authors, comedian Jim Gaffigan (Jan. 27) and inspirational speaker Amy Purdy (Sunday, Jan. 29).

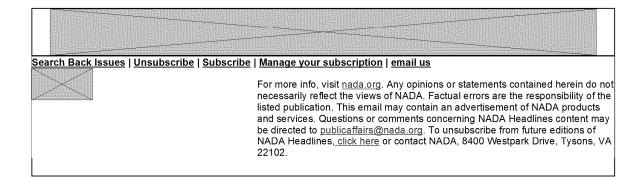
NADA, founded in 1917, will kick off yearlong events commemorating its 100-year anniversary with NADA 100 Carnival, which will be held at Mardi Gras World on Thursday, Jan. 26. The Carnival will feature top New Orleans cuisine and musical entertainment from Foreigner, Cowboy Mouth and jazz favorites. For more information or to register, visit www.nadaconvention.org.

Source: NADA Public Affairs

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- Jan. 19 Roger Penske and Helio Castroneves Join Speaker Lineup at NADA Convention
- Jan. 18 New-Car Dealers to Promote Prom-Season Teen Driving Safety at Upcoming NADA Convention
- Jan. 17 NADA's Welch: Seize the Political Opportunity
- Jan. 13 NADA Urges Trump Administration to Reverse Obama EPA's Final Determination on Fuel Economy
- Jan. 12 Mark Fields Joins NADA Convention Speaker Lineup in New Orleans





To: Charmley, William[charmley.william@epa.gov]

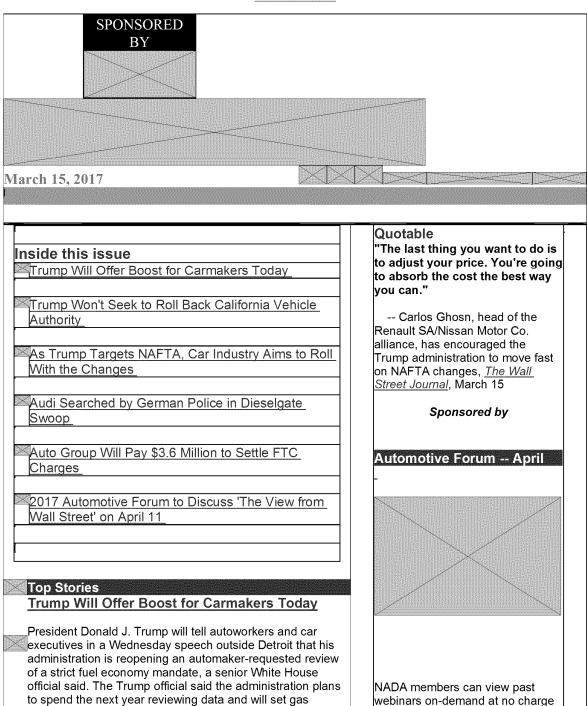
From: ccyrill@nada.org

**Sent:** Wed 3/15/2017 4:23:31 PM

Subject: Trump Will Offer Boost for Carmakers Today

mileage standards in 2018 that are technically and

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at NADA University Online.

economically realistic and would allow automakers to continue growing and adding jobs.

Source: The Detroit News

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# Trump Won't Seek to Roll Back California Vehicle Authority

President Donald Trump will announce the U.S. Environmental Protection Agency will revive a review of the feasibility of strict fuel efficiency standards through 2025, but will not seek to withdraw California's authority to set its own vehicle rules, a White House official said late on Tuesday. *Source: Reuters* 

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# As Trump Targets NAFTA, Car Industry Aims to Roll With the Changes

# If proposed taxes prompt auto makers to move more work back to the U.S., many parts suppliers plan to follow

Auto executives say they can adapt to taxes or other curbs on imports, even as industry advocates insist such moves will dent sales and eat into profit. President Donald Trump, traveling to Detroit Wednesday to say his administration will reopen a review of fuel-economy targets, has threatened to upend the North American Free Trade Agreement. The 23-year-old pact led to tens of billions of dollars in new Mexico investments by car companies and their suppliers.

Source: The Wall Street Journal (Subscription required)

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# Audi Searched by German Police in Dieselgate Swoop

German prosecutors searched Audi's two biggest plants and other sites on Wednesday in connection with the emissions scandal still rocking parent Volkswagen, adding to pressure on the luxury division and its Chief Executive Rupert Stadler. Volkswagen admitted in September 2015 that up to 11 million of its vehicles worldwide had software installed that cheats emissions tests, unleashing its biggest ever crisis. Source: Reuters

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# Auto Group Will Pay \$3.6 Million to Settle FTC Charges

A Los Angeles-based auto group with nine dealerships has agreed to pay more than \$3.6 million for return to consumers in order to settle Federal Trade Commission charges that it used deceptive and unfair sales and financing practices, deceptive advertising, and deceptive online reviews. The proposed settlement order, which will be filed in the U.S. District Court for the Central District of California for approval, will prohibit the defendants from making misrepresentations

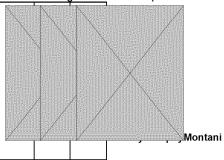
relating to their advertising, add-on products, financing, and endorsements or testimonials.

Source: FTC

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# 2017 Automotive Forum to Discuss 'The View from Wall Street' on April 11

"The View from Wall Street" is among several topics and panel sessions slated for the 2017 Automotive Forum in New York City next month ahead of the auto show. The Wall Street panel speakers are John Murphy, managing director and lead U.S. auto analyst in equity research for Bank of America Merrill Lynch, and Michael Montani, managing director and analyst on Evercore ISI's consumer research team covering auto dealerships.



Stephen Girsky, managing partner of VectolQ, an independent advisory firm based in New York, will moderate a panel discussion with Murphy and Montani. Girsky served in numerous capacities at General Motors from November 2009 until July 2014.

The full-day forum, "Automotive 3.0 – Navigating through Changing Times," is hosted by NADA, J.D. Power and the New York International Auto Show. It will be held at the Grand Hyatt New York on April 11, 2017. For the full agenda or to register, visit <a href="www.autoforumny.com">www.autoforumny.com</a>. Seating is limited, so register today. Attendees will receive access to the auto show during press days starting April 12. Source: NADA

### Related article:

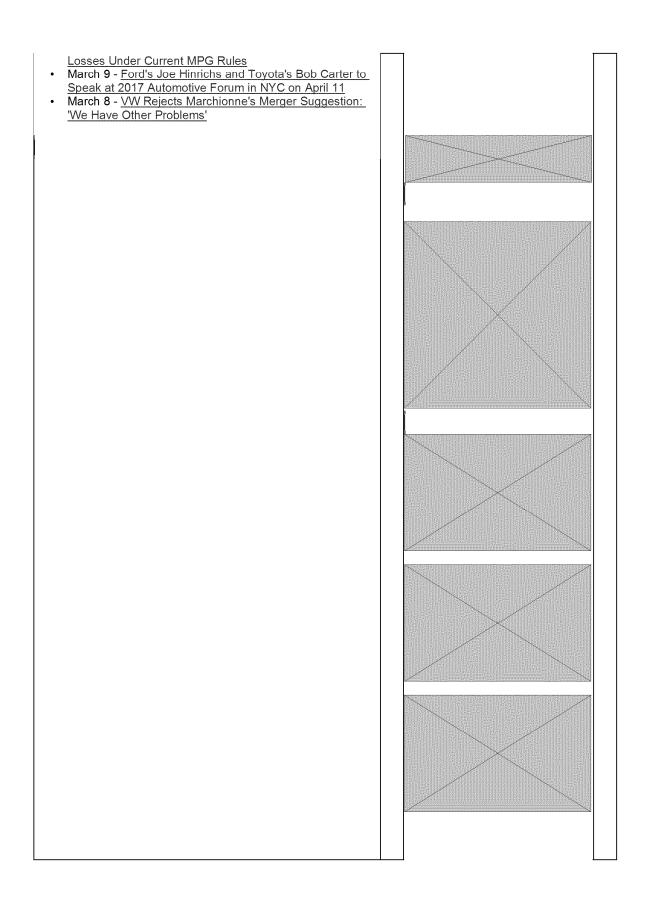
NADA / J.D. Power Automotive Forum to Discuss
 'Policy and Regulation in the Trump Era' (NADA Headlines)

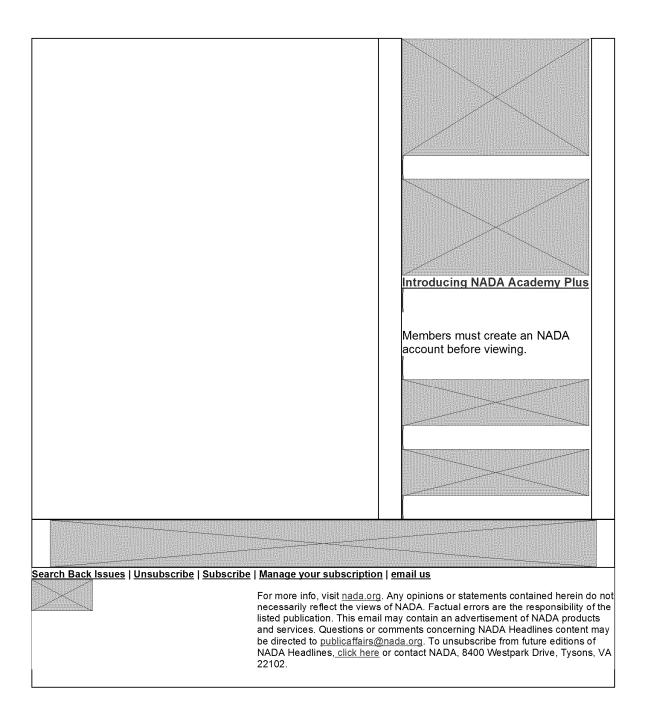
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#### Past Articles:

- March 14 NADA / J.D. Power Automotive Forum: The View from Wall Street
- March 13 <u>Trump Expected to Announce Vehicle</u> Emissions Rules Review
- March 10 Study Warns of Higher Consumer Prices, Job

Past Articles:





To: Chris Nevers[CNevers@autoalliance.org]

From: Charmley, William

**Sent:** Mon 2/27/2017 7:53:55 PM

Subject: RE: Alliance Letter to Administrator Pruitt

Chris,

Thanks for sending this to Mike and I and for the voice-mail. Ex. 6 - Personal Privacy

Ex. 6 - Personal Privacy

I'm back at work today and all week. I will read through the letter from Mitch to Administrator Pruitt and if I have any questions I will let you know.

Thanks

Bill

From: Chris Nevers [mailto:CNevers@autoalliance.org]

Sent: Wednesday, February 22, 2017 8:35 AM

**To:** Charmley, William <a href="mailto:knithaelgepa.gov">charmley.william@epa.gov</a> Co: Olechiw, Michael <a href="mailto:knithael@epa.gov">olechiw.michael@epa.gov</a> Subject: Alliance Letter to Administrator Pruitt

Good Morning Bill,

I realize you are out of the office, so I left a voicemail and copied Mike Olechiw on this email.

You have probably already seen the letter sent from the Alliance to Administrator Pruitt. If you haven't read it yet, the letter basically reiterates Industry's request that the Final Determination be withdrawn and the EPA resume the Midterm Evaluation process with NHTSA.

I am available for any questions or if you would just like to talk.

Best Regards,

Chris Nevers

Vice President, Energy and Environment

Alliance of Automobile Manufacturers

248-794-5002

To: Chris Nevers[CNevers@autoalliance.org]

From: Charmley, William

Sent: Fri 1/13/2017 3:37:32 PM

Subject: RE: Hearing Request

Dear Chris,

Thank you for your voice mail on this topic. I was on travel in the last few days, but I did get your voicemail.

Regarding the EPA Final Determination – Chris Grundler wanted to call Mitch directly on this, which he told me he did no Thursday afternoon, so I did not give you a call. I hope you were still able to get some heads up on this via Mitch.

Thanks

Bill

From: Chris Nevers [mailto:CNevers@autoalliance.org]

**Sent:** Wednesday, January 11, 2017 11:58 AM **To:** McCabe, Janet <McCabe.Janet@cpa.gov>

Cc: grundler.chris@epa.gov; Charmley, William <charmley.william@epa.gov>;

james.tamm@dot.gov **Subject:** Hearing Request

Dear Acting Administrator McCabe,

Please see the attached request for a hearing on EPA's Proposed Determination Regarding MY 2022-2025 Motor Vehicle Greenhouse Gas Standards. Let me know if you or your staff have any questions.

Best Regards,

Chris Nevers

Vice President, Energy and Environment

Alliance of Automobile Manufacturers

248-794-5002

To: Richard Corey[richard.corey@arb.ca.gov]; Alberto Ayala[Alberto.Ayala@arb.ca.gov]

From: Grundler, Christopher
Sent: Tue 2/21/2017 6:21:55 PM

Subject: Fwd: URGENT Letter from Alliance of Automobile Manufacturers to EPA Administrator G.

Scott Pruitt

Letter to EPA Admin. Pruitt Feb. 21, 2016 Signed.pdf

ATT00001.htm

FYI

Christopher Grundler, Director Office of Transportation and Air Quality U.S. Environmental Protection Agency 202/564-1682 (Washington DC) 734/214-4207 (Ann Arbor MI)

#### Begin forwarded message:

From: Susan Conti < sconti@autoalliance.org > Date: February 21, 2017 at 1:02:29 PM EST

To: "pruitt.scott@epa.gov" <pruitt.scott@epa.gov>, "pruitt.gscott@epa.gov"

cpruitt.gscott@epa.gov>

Cc: "marianne.mcinerney@dot.gov" <marianne.mcinerney@dot.gov>,

"grundler.christopher@epa.gov" <grundler.christopher@epa.gov>, Bill Charmley

<<u>charmley.william@epa.gov</u>>, "<u>olechiw.michael@epa.gov</u>" <<u>olechiw.michael@epa.gov</u>>,

"Kevin.Green@dot.gov" < Kevin.Green@dot.gov>, "james.tamm@dot.gov"

<james.tamm@dot.gov>, "rebecca.yoon@dot.gov" <rebecca.yoon@dot.gov>,

"annette.hebert@arb.ca.gov" <annette.hebert@arb.ca.gov>,

"michael.mccarthy@arb.ca.gov" < michael.mccarthy@arb.ca.gov >, Chris Nevers

<CNevers@autoalliance.org>, "David Schwietert" <DSchwietert@autoalliance.org>,

Gloria Bergquist < GBERGQUIST@autoalliance.org >, John Whatley

<<u>JWhatley@autoalliance.org</u>>

**Subject: URGENT Letter from Alliance of Automobile Manufacturers to EPA Administrator G. Scott Pruitt** 

#### Dear Administrator Pruitt:

The attached letter, on behalf of the Alliance of Automobile Manufacturers, requests that the U.S. Environmental Protection Agency (EPA) withdraw the Final Determination on the Appropriateness of the Model Year 2022-2025 Light-Duty Vehicle Greenhouse Gas Emissions Standards under the Midterm Evaluation (Final Determination) which was announced on January 13, 2017 but never published in the *Federal Register*.

The Alliance is not asking EPA to make a different Final Determination at this time. All we are asking is that EPA withdraw the Final Determination and resume the Midterm Evaluation, in conjunction with NHTSA, consistent with the timetable embodied in EPA's own regulations. We believe that, if carried out as intended, the Midterm Evaluation can lead to an outcome that makes sense for all affected stakeholders and for society as a whole.

The Alliance welcomes the opportunity for further dialogue. Please contact me at your earliest convenience to discuss this matter further. Thank you.

Mitch Bainwol

President and CEO

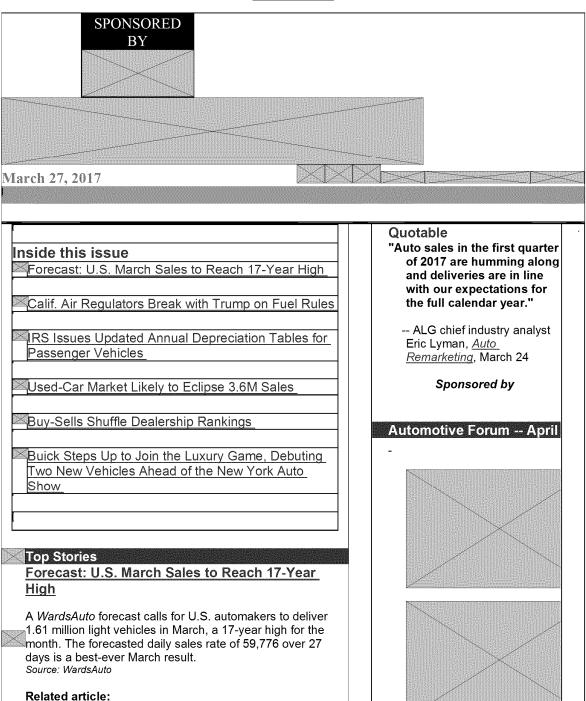
To: Moran, Robin[moran.robin@epa.gov]

From: NADA Headlines

**Sent:** Mon 3/27/2017 3:17:16 PM

Subject: Forecast: U.S. March Sales to Reach 17-Year High

View Web Version



 April 5: NADA Quarterly Briefing on Auto Sales and Economy

#### [back to top]

# Calif. Air Regulators Break with Trump on Fuel Rules

California air regulators voted Friday to keep the state's tough vehicle emissions standards through 2025. The state Air Resources Board voted unanimously at a meeting in Riverside [Calif.] to continue with the standards for 2022 to 2025 after reaching a conclusion similar to one by the U.S. Environmental Protection Agency under the Obama administration. More recently, however, President Donald Trump said he wants to re-examine the rules governing gas mileage and set a uniform fuel mileage requirement for automakers in the U.S.

Source: The Detroit News

#### [back to top]

# IRS Issues Updated Annual Depreciation Tables for Passenger Vehicles

Revenue Procedure 2017-29 updates for 2017 tax years the annually published depreciation and inclusion tables for owners and lessees, respectively, of passenger vehicles, trucks and vans. First year depreciation for passenger cars placed in service in 2017 (and for which the § 168(k) additional first year depreciation deduction applies) is \$11,160, and for trucks and vans is \$11,560.

Source: IRS

#### [back to top]

# Used-Car Market Likely to Eclipse 3.6M Sales

Used-car sales this month could approach 3.64 million units, according to a forecast released Friday by ALG. That would be a 2.4-percent year-over-year increase. Source: Auto Remarketing

Source. Auto Remarkeun

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### Buy-Sells Shuffle Dealership Rankings

The top 150 groups own 3,468 dealerships, or 19 percent of all the rooftops in the U.S., according to the Automotive News Data Center. They retailed 3,585,382 new vehicles or 21.6 percent of the industry's 2016 U.S. new-vehicle sales, up from 21.2 percent in 2015.

Source: Automotive News

#### [back to top]

PastArtickeSteps Up to Join the Luxury Game,
Debuting Two New Vehicles Ahead of the

### **New York Auto Show**

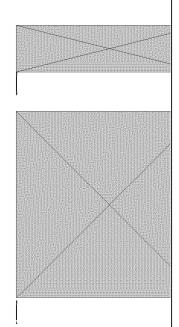
Buick, the 114-year-old Detroit brand trying to shed its blue-haired image, will take a significant step toward joining the ranks of global luxury automakers when it unveils its long-awaited upscale line at the New York Auto Show.

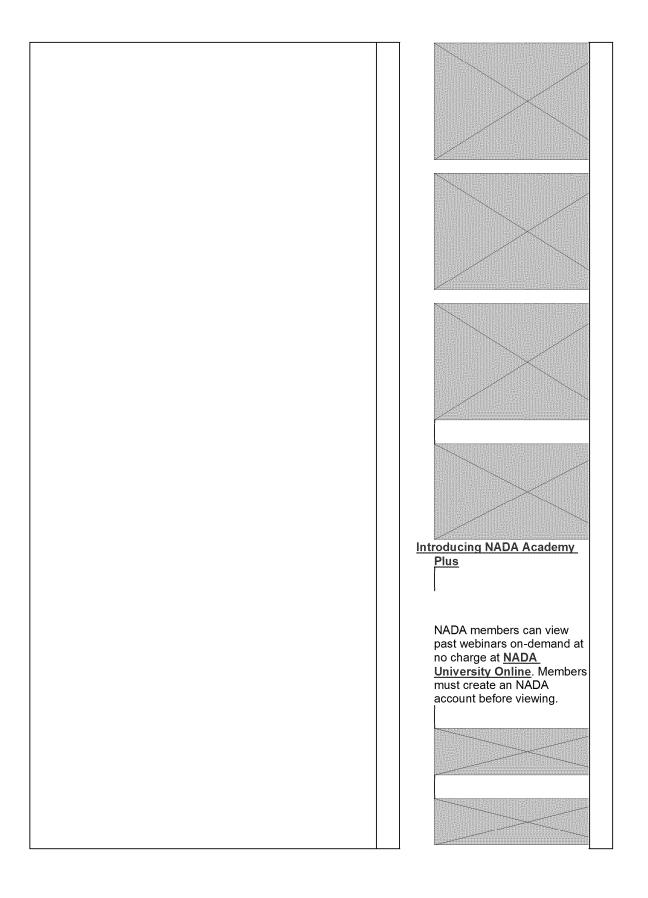
Source: Forbes.com

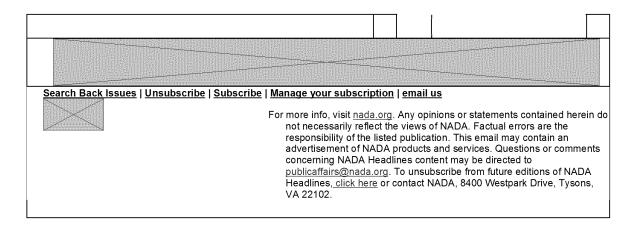
Editor's note: NADA, J.D. Power and the New York
International Auto Show are hosting the 2017
Automotive Forum at the Grand Hyatt New York on
April 11. The full-day forum, "Automotive 3.0 –
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numerous speakers and panel sessions. For the full
agenda or to register, visit www.autoforumny.com.
Attendees will receive exclusive access to the auto
show during press days starting on April 12.

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- March 24 Ford Warns Higher Rates, Decline in Resale Values Will Hurt Results
- March 23 Californians Snub Free EVs, Carmakers Say in Pushback on Mandate
- March 22 <u>Jobs Bounce Debated As Trump Promises</u> <u>CAFE Review</u>
- March 21 NADA to Hold Quarterly Briefing on Auto Sales and Economy on April 5
- March 20 With EPA Victory Comes New Uncertainty







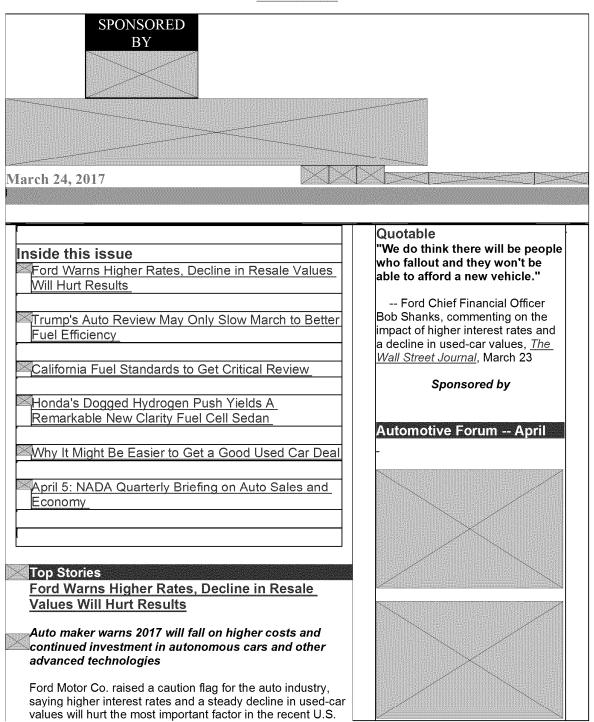
To: Moran, Robin[moran.robin@epa.gov]

From: NADA Headlines

**Sent:** Fri 3/24/2017 2:00:52 PM

Subject: Ford Warns Higher Rates, Decline in Resale Values Will Hurt Results

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sales boom: affordability. The outlook, coming as the company forecast leaner results for the first quarter, comes amid a broader view that car sales in the world's two largest markets have peaked after a string of record profits and sales for the U.S. auto industry.

Source: The Wall Street Journal (subscription required)

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# Trump's Auto Review May Only Slow March to Better Fuel Efficiency

When U.S. President Donald Trump announced a review last week of tough Obama-era vehicle emissions and fuel-efficiency standards, he proclaimed that the "assault on the American auto industry is over." But rules set by the Environmental Protection Agency may take a backseat to consumers demanding vehicles that guzzle less gas and automakers having to meet tougher standards if they want to export cars overseas, according to auto industry analysts. In the end, U.S. carmakers may just gain a few more years to meet the more stringent targets that former President Barack Obama's administration negotiated with the companies in 2012, analysts said.

Source: Reuters

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#### California Fuel Standards to Get Critical Review

California's Air Resources Board is expected to discuss the standards at a hearing in Riverside [Calif.] on Friday. Automakers say the standards could be tough to meet as more people are buying trucks and SUVS. Advocates say the review is critical following President Donald Trump's decision to re-examine rules governing gas mileage and establish one fuel mileage requirement for U.S. automakers.

Source: The Associated Press

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### Honda's Dogged Hydrogen Push Yields A Remarkable New Clarity Fuel Cell Sedan

All the sweat equity Honda engineers have invested in its fuel cell program, year after year, has yielded a remarkable new version of the Clarity sedan, the most compelling argument yet for the potential hydrogen cars still hold.

Source: Forbes.com

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### Why It Might Be Easier to Get a Good Used Car Deal

### J.D. Power reports sales and price plunged last month

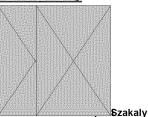
In most years, used car sales and prices go up in February. Usually there are plenty of buyers and the competition allows used car dealers to hold closer to the asking price. Last month wasn't like that. If you were used car shopping in February, chances are you drove away with a good deal. And

chances are you can still find some of those deals if you look hard enough. Market intelligence analysts at J.D. Power's Valuation Services division report used car prices dipped last month for three main reasons. The first is competition from new car dealers.

Source: ConsumerAffairs.com

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# April 5: NADA Quarterly Briefing on Auto Sales and Economy



NADA Chairman Mark Scarpelli and NADA Chief Economist Steven Szakaly will share their insights on the overall economy and where it is trending and provide any revisions to NADA's outlook following the first quarter sales results for new cars and light trucks, as well as highlight the key sales indicators and drivers of the retail-auto industry. NADA has forecast sales of 17.1 million new light vehicles for 2017.

When: Wednesday, April 5, 2017 Call-in Time: 11 a.m. ET

Scarpelli is president of Raymond Chevrolet and Raymond Kia in Antioch, III., and co-owner of Ray Chevrolet and Ray Chrysler-Jeep-Dodge-Ram in Fox Lake, III.

A Q&A session with members of the media and industry will follow the briefing.  ${\color{red} {\bf Click\ here}}$  to register.

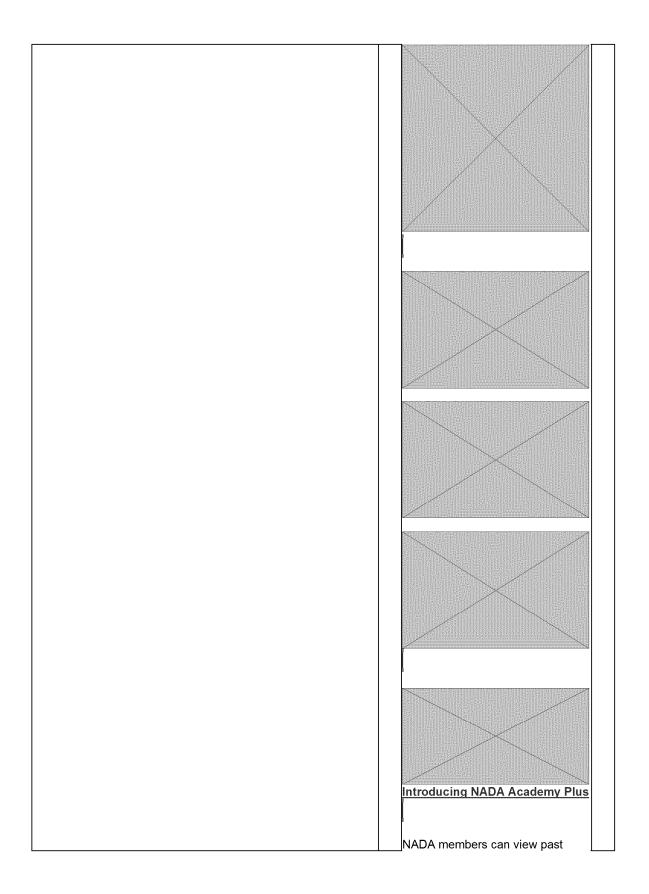
Source: NADA

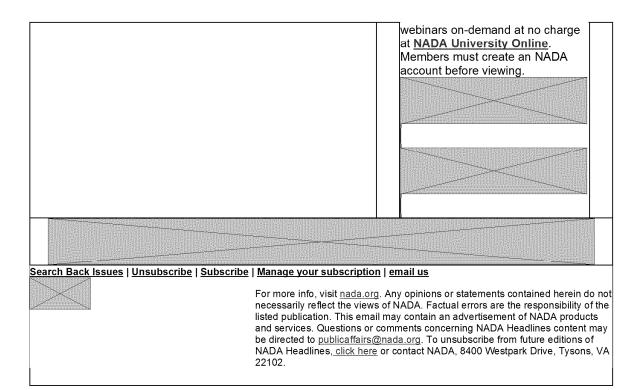
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### Past Articles:

- March 23 <u>Californians Snub Free EVs, Carmakers Say in</u> Pushback on Mandate
- March 22 <u>Jobs Bounce Debated As Trump Promises</u>
   <u>CAFE Review</u>
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- March 20 With EPA Victory Comes New Uncertainty
- March 17 <u>Automotive Service Quality Rises Along with</u> <u>Overall Customer Satisfaction, J.D. Power Finds</u>

Past Articles:



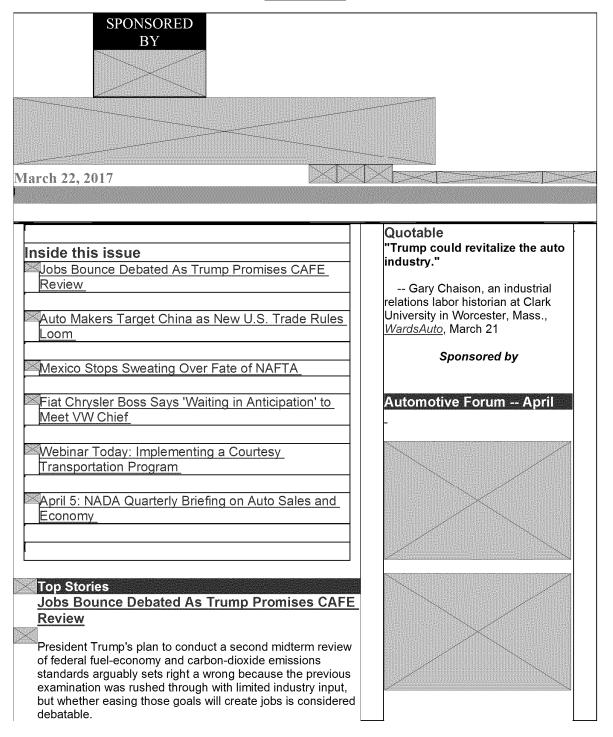


From: NADA Headlines

**Sent:** Wed 3/22/2017 2:05:25 PM

Subject: Jobs Bounce Debated As Trump Promises CAFE Review

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Source: WardsAuto

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### Auto Makers Target China as New U.S. Trade Rules Loom

#### Global car makers push Trump to take a harder line over Chinese regulations that protect local companies

Top auto makers, facing the threat of costly North American trade policy changes, want the Trump administration to take a harder line on a market thousands of miles from their home turf. China's car business is attractive to outsiders chasing sales growth, but rules protecting local companies dent profits of global auto giants and force them to share technology with potential rivals. The 25% tariff on vehicle imports makes U.S.-built automobiles too expensive for most buyers in the world's largest auto market.

Source: The Wall Street Journal (subscription required)

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### Mexico Stops Sweating Over Fate of NAFTA

Spring couldn't have come soon enough for Mexican officials who worried that the North American Free Trade Agreement might not survive the winter of Donald Trump's ascent. So far, cooler heads on both sides of the border have prevailed, paving the way for negotiations later this year that may find the right mix of concessions to keep the trilateral trading bloc alive for another quarter century.

Source: Automotive News

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## Fiat Chrysler Boss Says 'Waiting in Anticipation' to Meet VW Chief

Fiat Chrysler Chief Executive Sergio Marchionne said on Tuesday he was looking forward to meeting Volkswagen boss Matthias Mueller to discuss a possible tie-up between the two carmakers but added he hadn't seen his counterpart in six to seven months. Marchionne has long advocated car industry mergers to share the costs of making cleaner and more technologically advanced vehicles and has repeatedly relayed his desire via the media.

Source: Reuters

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### Webinar Today: Implementing a Courtesy Transportation Program

Angela Margolit with Bluebird Auto Rental Systems will highlight the benefits of implementing a courtesy transportation program (CTP) at the dealership. Find out the advantages of CTP tools such as reservation planners, computer-generated loaner agreements, interactive dashboards and more. Click here to register.

Date: Wednesday, March 22, 2017

Time: 12 p.m. ET Duration: 30 minutes

Source: NADA Dealership Operations

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## April 5: NADA Quarterly Briefing on Auto Sales and Economy



NADA Chairman Mark Scarpelli and NADA Chief Economist Steven Szakaly will share their insights on the overall economy and where it is trending and provide any revisions to NADA's outlook following the first quarter sales results for new cars and light trucks, as well as highlight the key sales indicators and drivers of the retail-auto industry. NADA has forecast sales of 17.1 million new light vehicles for 2017.

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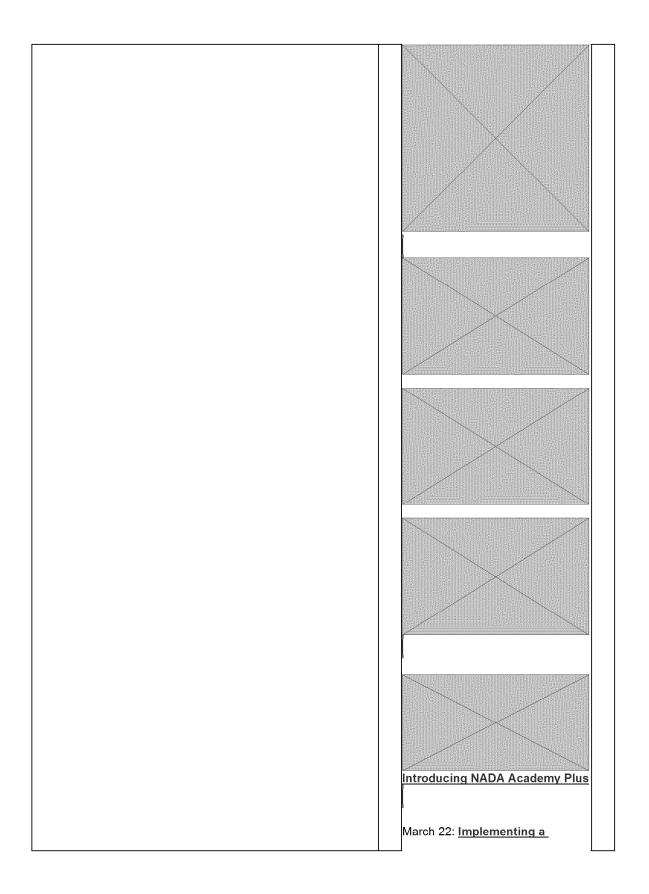
Source: NADA

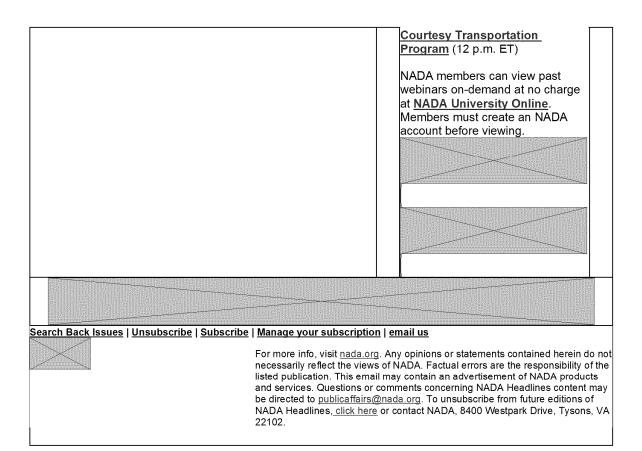
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- March 21 NADA to Hold Quarterly Briefing on Auto Sales and Economy on April 5
- March 20 With EPA Victory Comes New Uncertainty
- March 17 <u>Automotive Service Quality Rises Along with</u> Overall Customer Satisfaction, J.D. Power Finds
- March 16 <u>NADA Praises Trump Administration for</u> <u>Restarting Midterm Review of Fuel-Economy Standards</u>
- March 15 Trump Will Offer Boost for Carmakers Today

Past Articles:



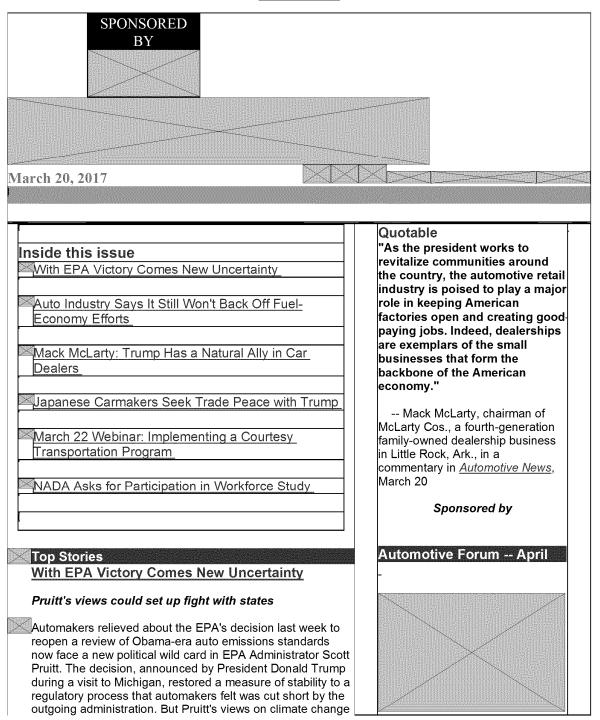


From: NADA Headlines

**Sent:** Mon 3/20/2017 3:57:43 PM

Subject: With EPA Victory Comes New Uncertainty

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and federal power challenge the foundations of the landmark deal they struck with the government in 2012 to reduce greenhouse gas emissions, improve fuel economy and harmonize regulations.

Source: Automotive News

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### Auto Industry Says It Still Won't Back Off Fuel-Economy Efforts

Executives from automakers and suppliers gathered at a conference in Dearborn Thursday said looser fuel economy standards might allow for sales of more trucks in areas where they're popular. But otherwise, the pursuit of fuel-efficiency technologies will proceed unabated. [President] Trump came to the Detroit area earlier [last] week to announce that his Environmental Protection Agency will re-examine gas mileage requirements that were affirmed in the Obama administration's last days.

Source: The Associated Press

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### Mack McLarty: Trump Has a Natural Ally in Car Dealers

America's car dealerships ... are the paragon of successful Main Street businesses on which [President] Trump heaped praise during his campaign. They are powerful institutions in the Rust Belt and in the heartland, where his message of hope to working-class voters left behind by globalization and technological change most resonated. And they are big employers there, too — supporting tens of thousands of Americans who work as salespeople, mechanics and other critical roles and millions more through business relationships with parts suppliers and other outside vendors. Source: Automotive News

Mack McLarty is chairman of McLarty Cos., a fourthgeneration family-owned dealership business in Little Rock, Ark. He was President Bill Clinton's first White House chief of staff and an adviser to Presidents Jimmy Carter and George H.W. Bush.

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# <u>Japanese Carmakers Seek Trade Peace with</u> <u>Trump</u>

Japan's auto market is open, says Hiroto Saikawa, chairman of the Japan Automobile Manufacturers Association, but its carmakers are willing to work with governments in Tokyo and Washington to smooth out disputes over access. "If there are areas where they find difficulty doing business, then we would like to have active discussions and come up with a solution," Saikawa said last week at JAMA's monthly news briefing.

Source: Automotive News

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### March 22 Webinar: Implementing a Courtesy Transportation Program

Angela Margolit with Bluebird Auto Rental Systems will highlight the benefits of implementing a courtesy transportation program (CTP) at the dealership. Find out the advantages of CTP tools such as reservation planners, computer-generated loaner agreements, interactive dashboards and more. Click here to register.

Date: Wednesday, March 22, 2017

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Source: NADA Dealership Operations

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### PastMATDASAsks for Participation in Workforce Study

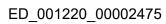
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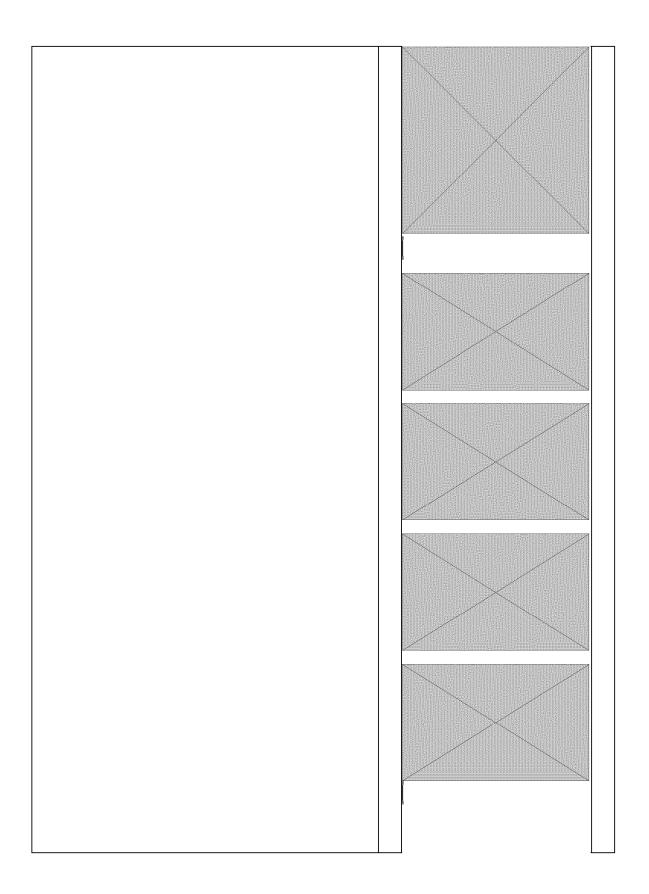
The report contains clear analysis of the light-vehicle and commercial-truck industry. The report includes national and regional data for 60 car and truck dealership positions. In addition to data on pay, benefits and turnover, the report details the impact of work schedules, gender gap and generational challenges facing dealerships today. Participants will also receive a complimentary individualized comparative report for each participating dealership.

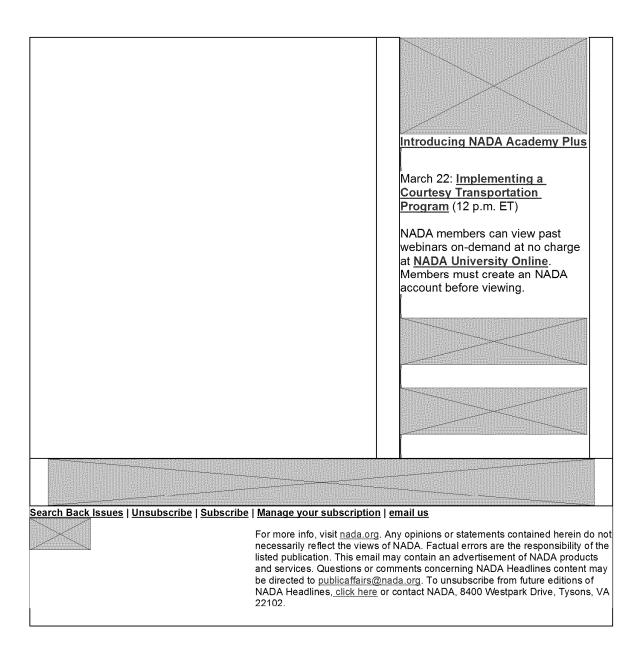
To enroll in the 2017 Dealership Workforce Study, which is open through April 28, visit <a href="www.nadaworkforcestudy.com">www.nadaworkforcestudy.com</a> and enter your member or company ID. For questions, send an email to <a href="www.workforceStudy@nada.org">WorkforceStudy@nada.org</a> or call (800) 557-6232.

Source: Auto Remarketing

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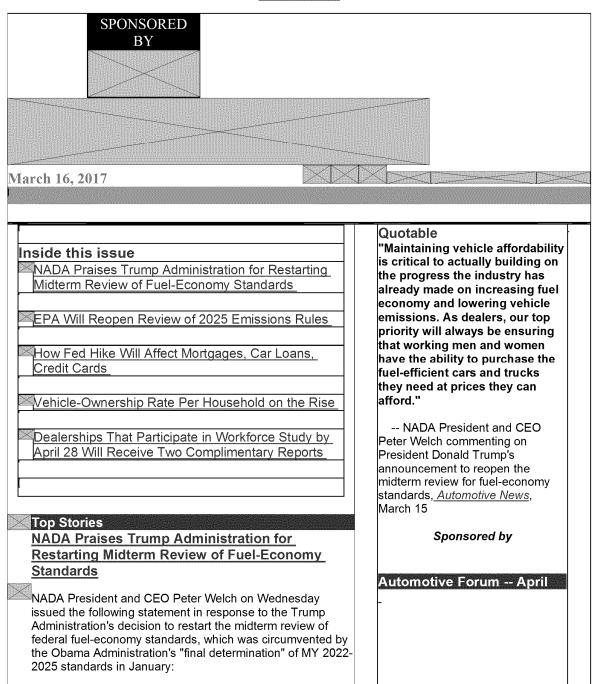
From: NADA Headlines

Sent: Thur 3/16/2017 2:33:13 PM

Subject: NADA Praises Trump Administration for Restarting Midterm Review of Fuel-Economy

Standards

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"NADA applauds the Trump Administration for reaffirming our

NADA members can view past

shared commitment to a transparent, fair and data-driven midterm review of fuel-economy standards. Maintaining vehicle affordability is critical to actually building on the progress the industry has already made on increasing fuel economy and lowering vehicle emissions. As dealers, our top priority will always be ensuring that working men and women have the ability to purchase the fuel-efficient cars and trucks they need at prices they can afford."

Source: NADA

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### EPA Will Reopen Review of 2025 Emissions Rules

President Donald Trump on Wednesday said his administration will reopen a review of Obama-era auto emissions mandates, welcome news for automakers that argue the strict standards are costly and out-of-touch with market realities. The reopening of the midterm review does not mean the standards will be weakened, but it does give automakers the opportunity to push for relief by lobbying new EPA Administrator Scott Pruitt, who has downplayed the effect humans have on climate.

Source: Automotive News

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### How Fed Hike Will Affect Mortgages, Car Loans, Credit Cards

Are mortgage rates going up? How about car loans? Credit cards? With the Federal Reserve having raised its benchmark interest rate Wednesday and signaled the likelihood of additional rate hikes later this year, consumers and businesses will feel it — if not immediately, then over time. "We are in a rising interest rate environment," noted Nariman Behravesh, chief economist at IHS Markit. Source: The Washington Post

Editor's note: Nariman Behravesh is among several speakers and panelists slated for the 2017 Automotive Forum hosted by NADA, J.D. Power and the New York International Auto Show -- at the Grand Hyatt New York on April 11. Click here for the full agenda and to register. Seated is limited.

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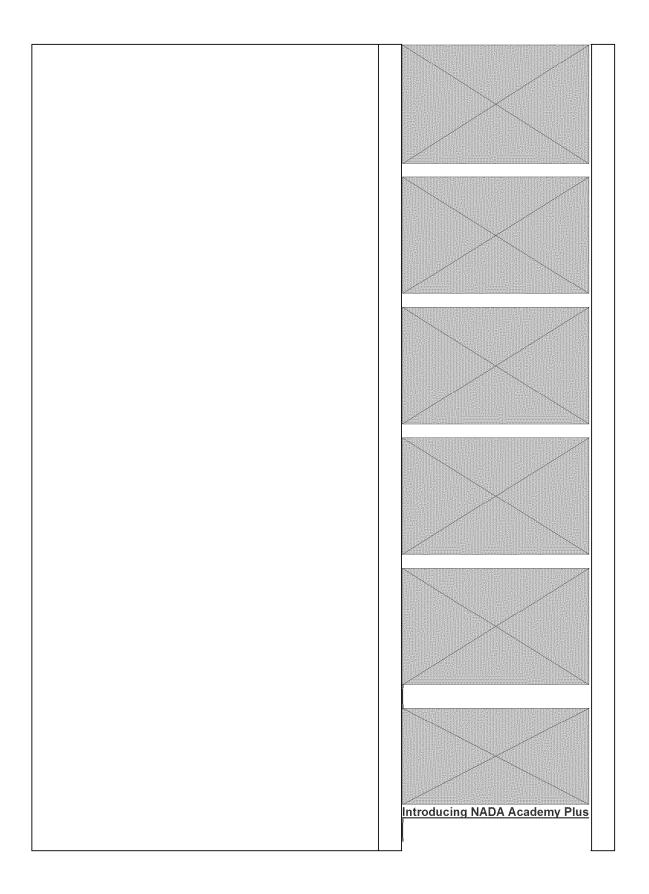
# Vehicle-Ownership Rate Per Household on the Rise

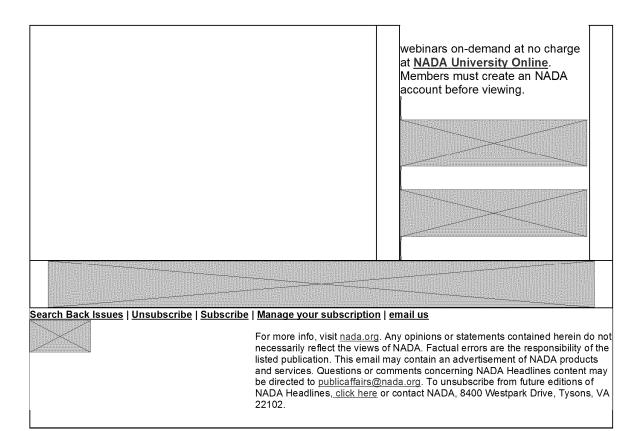
Perhaps the next "up" to come through your dealer website or walk into the showroom might want to own more than one vehicle. While the rate of ownership of cars and light trucks has steadily declined since its peak a decade ago, it is starting to climb, according to a University of Michigan researcher.

Source: Auto Remarketing

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# PastDetableships That Participate in Workforce Study by April 28 Will Receive Two Complimentary REPORTS - Trump Will Offer Boost for Carmakers Today March 4 - NADA / J.D. Power Automotive Forum: The View from Wall Street NADA and A D members that participate in the Dealership Wall Street NADA and A D members that participate in the Dealership Walkor I Surjunib Expected to Amburice were and sufficient to the street of the March 9 - Egid's Joe Hinrichs and Toyeta's Bob Carter to Automotive Relational & Regional Victor April 11 Compensation, Benefits & Retention is the industry's top resource for helping dealers meet their No. 1 challenge of attracting and retaining productive employees. It contains clear analysis of the light-vehicle and commercial-truck industry. The report includes national and regional data for 60 car and truck dealership positions. In addition to data on pay, benefits and turnover, the report details the impact of work schedules, gender gap and generational challenges facing dealerships today. Participants will also receive a complimentary individualized comparative report for each participating dealership. To enroll in the 2017 Dealership Workforce Study, which is open through April 28, visit www.nadaworkforcestudy.com and enter your Member (Company) ID. For questions, send an email to WorkforceStudy@nada.org or call 800.557.6232. Source: NADA Dealership Operations [back to top]





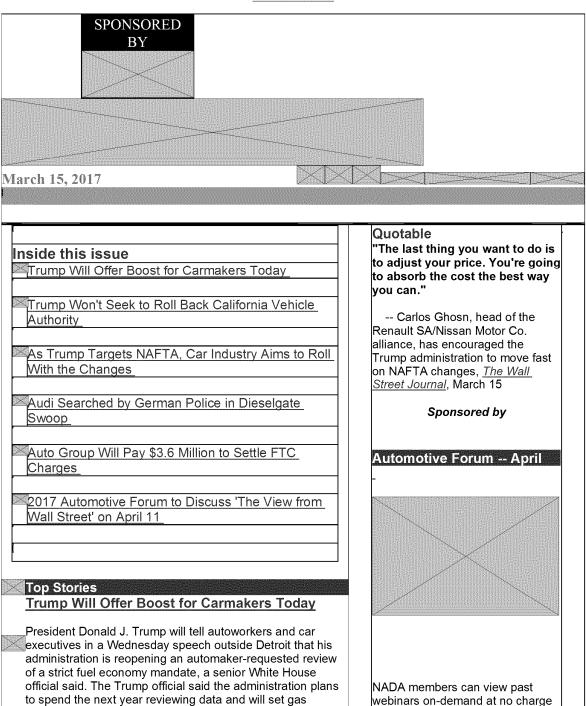
From: ccyrill@nada.org

**Sent:** Wed 3/15/2017 4:22:30 PM

Subject: Trump Will Offer Boost for Carmakers Today

mileage standards in 2018 that are technically and

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at NADA University Online.

economically realistic and would allow automakers to continue growing and adding jobs.

Source: The Detroit News

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# Trump Won't Seek to Roll Back California Vehicle Authority

President Donald Trump will announce the U.S. Environmental Protection Agency will revive a review of the feasibility of strict fuel efficiency standards through 2025, but will not seek to withdraw California's authority to set its own vehicle rules, a White House official said late on Tuesday. *Source: Reuters* 

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### As Trump Targets NAFTA, Car Industry Aims to Roll With the Changes

# If proposed taxes prompt auto makers to move more work back to the U.S., many parts suppliers plan to follow

Auto executives say they can adapt to taxes or other curbs on imports, even as industry advocates insist such moves will dent sales and eat into profit. President Donald Trump, traveling to Detroit Wednesday to say his administration will reopen a review of fuel-economy targets, has threatened to upend the North American Free Trade Agreement. The 23-year-old pact led to tens of billions of dollars in new Mexico investments by car companies and their suppliers.

Source: The Wall Street Journal (Subscription required)

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# Audi Searched by German Police in Dieselgate Swoop

German prosecutors searched Audi's two biggest plants and other sites on Wednesday in connection with the emissions scandal still rocking parent Volkswagen, adding to pressure on the luxury division and its Chief Executive Rupert Stadler. Volkswagen admitted in September 2015 that up to 11 million of its vehicles worldwide had software installed that cheats emissions tests, unleashing its biggest ever crisis. Source: Reuters

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# Auto Group Will Pay \$3.6 Million to Settle FTC Charges

A Los Angeles-based auto group with nine dealerships has agreed to pay more than \$3.6 million for return to consumers in order to settle Federal Trade Commission charges that it used deceptive and unfair sales and financing practices, deceptive advertising, and deceptive online reviews. The proposed settlement order, which will be filed in the U.S. District Court for the Central District of California for approval, will prohibit the defendants from making misrepresentations

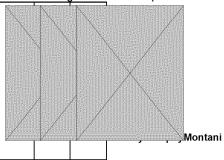
relating to their advertising, add-on products, financing, and endorsements or testimonials.

Source: FTC

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# 2017 Automotive Forum to Discuss 'The View from Wall Street' on April 11

"The View from Wall Street" is among several topics and panel sessions slated for the 2017 Automotive Forum in New York City next month ahead of the auto show. The Wall Street panel speakers are John Murphy, managing director and lead U.S. auto analyst in equity research for Bank of America Merrill Lynch, and Michael Montani, managing director and analyst on Evercore ISI's consumer research team covering auto dealerships.



Stephen Girsky, managing partner of VectolQ, an independent advisory firm based in New York, will moderate a panel discussion with Murphy and Montani. Girsky served in numerous capacities at General Motors from November 2009 until July 2014.

The full-day forum, "Automotive 3.0 – Navigating through Changing Times," is hosted by NADA, J.D. Power and the New York International Auto Show. It will be held at the Grand Hyatt New York on April 11, 2017. For the full agenda or to register, visit <a href="www.autoforumny.com">www.autoforumny.com</a>. Seating is limited, so register today. Attendees will receive access to the auto show during press days starting April 12. Source: NADA

### Related article:

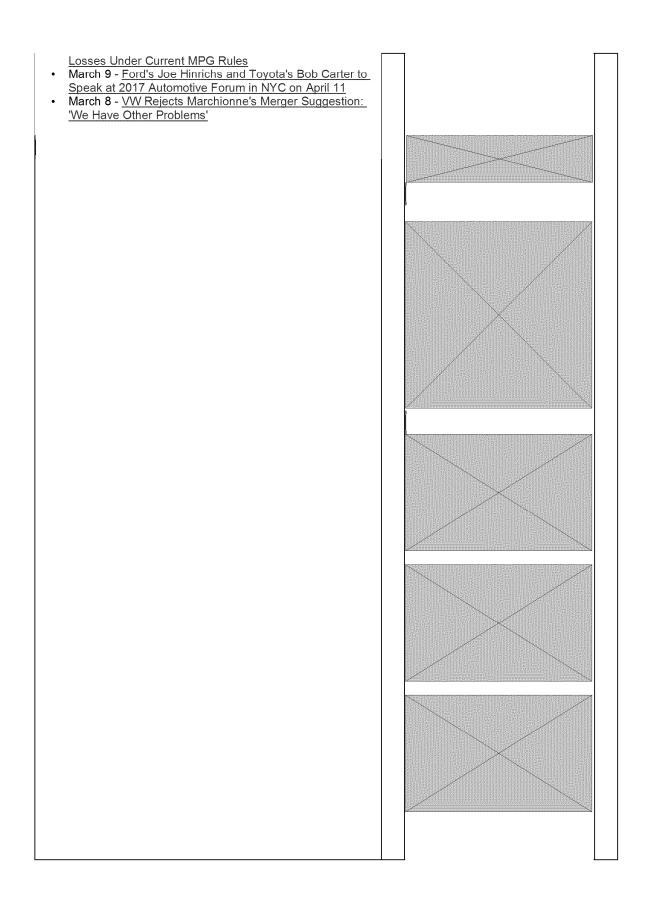
NADA / J.D. Power Automotive Forum to Discuss
 'Policy and Regulation in the Trump Era' (NADA Headlines)

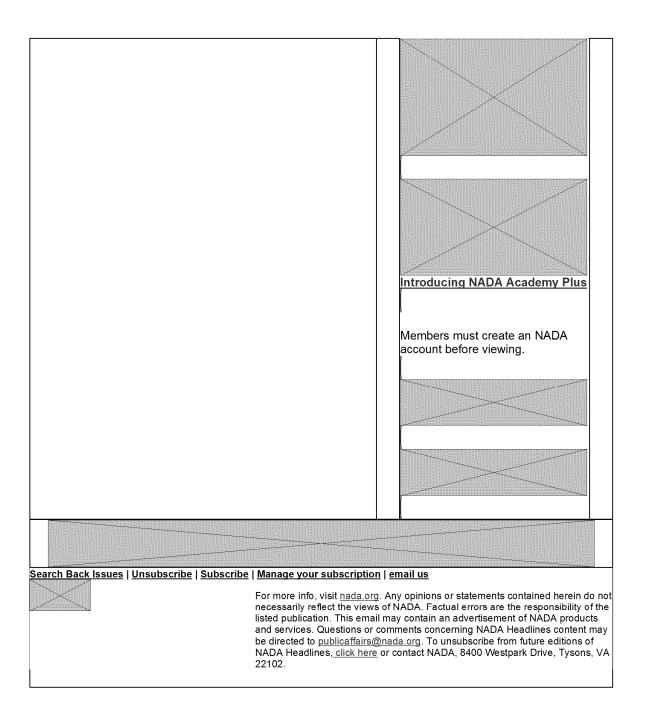
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#### Past Articles:

- March 14 NADA / J.D. Power Automotive Forum: The View from Wall Street
- March 13 <u>Trump Expected to Announce Vehicle</u> Emissions Rules Review
- March 10 Study Warns of Higher Consumer Prices, Job

Past Articles:





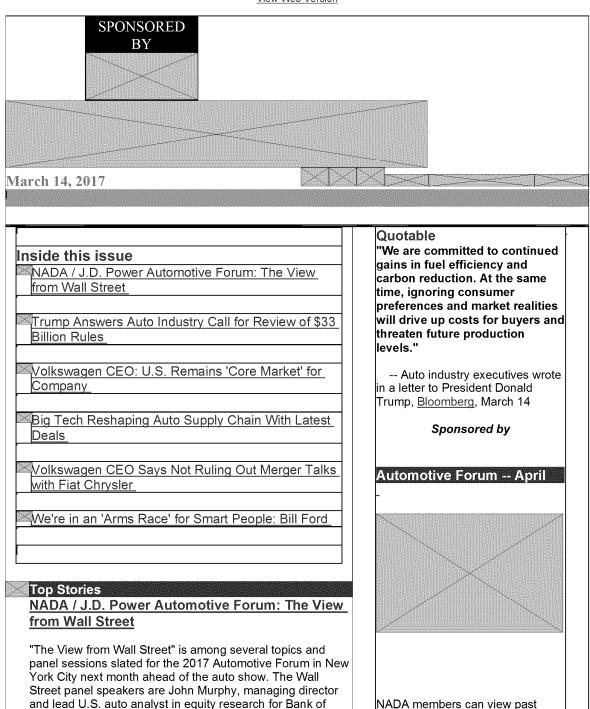
America Merrill Lynch, and Michael Montani, managing

From: NADA Headlines

**Sent:** Tue 3/14/2017 2:39:40 PM

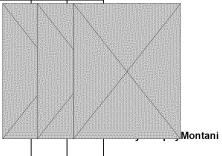
Subject: NADA / J.D. Power Automotive Forum: The View from Wall Street

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webinars on-demand at no charge

director and analyst on Evercore ISI's consumer research team covering auto dealerships.



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# Trump Answers Auto Industry Call for Review of \$33 Billion Rules

When President Donald Trump visits the Detroit area this week, he'll come bearing a gift: a first step toward relaxing rules that could cost automakers about \$33 billion. Trump will announce as part of a visit to Ypsilanti, Michigan, on Wednesday that his administration will begin re-examining fuel-economy standards set by the Obama administration, according to two people familiar with the plans. He'll speak with workers and executives at carmakers that have sought to relax the rules, which the Environmental Protection Agency tried to solidify during the final days of Barack Obama's presidency.

Source: Bloomberg

#### Related article:

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# Volkswagen CEO: U.S. Remains 'Core Market' for Company

The CEO of German automaker Volkswagen says the United

States remains a "core market" for the company despite its diesel emissions scandal and has underlined that it hopes to expand there. Matthias Mueller made the comments Tuesday at the company's annual news and investor conference at its headquarters in Wolfsburg, Germany.

Source: The Associated Press

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### Big Tech Reshaping Auto Supply Chain With **Latest Deals**

Intel Corp. sent a fresh shock wave through the automotive supply chain, becoming the latest tech company to gobble up a specialized car components supplier. The Silicon Valley company's \$15 billion acquisition of Mobileye NV could unsettle established auto makers, but it may be the type of big bet needed to populate roads with self-driving vehicles. Source: The Wall Street Journal (Subscription required)

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### Volkswagen CEO Says Not Ruling Out Merger Talks with Fiat Chrysler

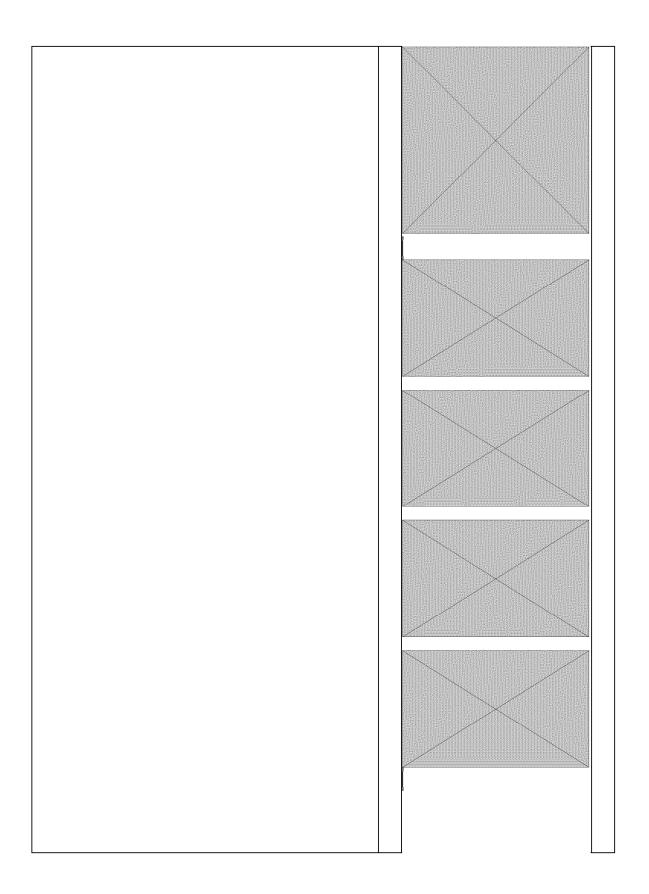
Volkswagen Chief Executive Matthias Mueller said he did not rule out he could hold merger talks with Fiat Chrysler boss Sergio Marchionne, in a marked change of tone by the German carmaker toward its Italian-American peer. "I am not ruling out a conversation." Mueller told journalists after VW's annual results news conference.

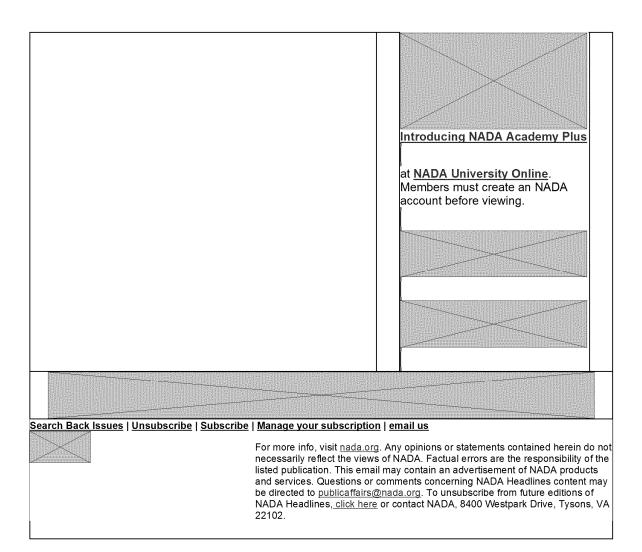
Source: Reuters

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### Past Authorities an 'Arms Race' for Smart People: Bill

- Ford March 13 Trump Expected to Announce Vehicle
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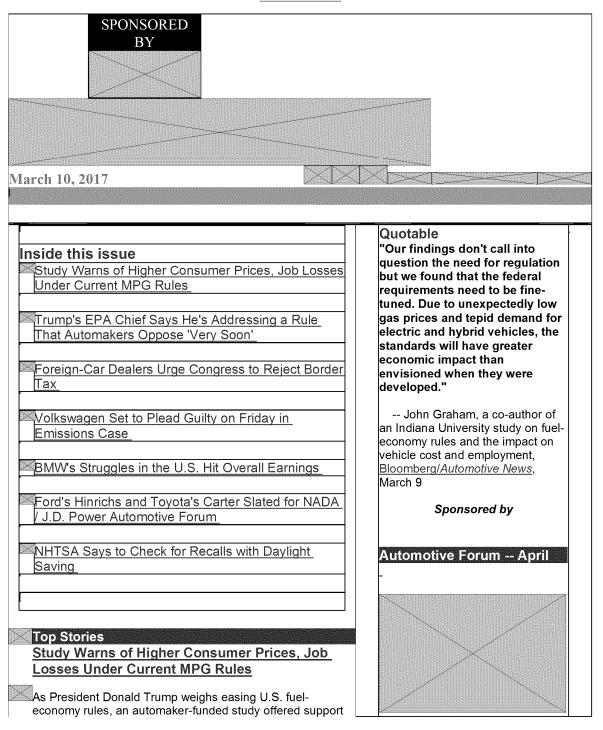


From: NADA Headlines

**Sent:** Fri 3/10/2017 3:49:21 PM

Subject: Study Warns of Higher Consumer Prices, Job Losses Under Current MPG Rules

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based on looming cost increases for consumers and a short-term drop in industry employment. U.S. consumers may pay an average premium of more than \$1,800 per vehicle by 2025 due to tougher fuel economy and emissions targets, according to the Indiana University study, which was conducted over 18 months and funded by the Alliance of Automobile Manufacturers. Employment losses will peak at about 150,000 in 2021, as consumers will shy away from buying costlier cars and trucks, said John Graham, a co-author of the study.

Source: Bloomberg/Automotive News

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## Trump's EPA Chief Says He's Addressing a Rule That Automakers Oppose 'Very Soon'

Environmental Protection Agency chief Scott Pruitt said Thursday he expects an announcement rolling back fuel economy rules "very soon." Automakers have expressed concern about the rules set during the Obama administration, which would have pushed auto fuel economy standards to 54.5 mpg by 2025. Some companies have said the Corporate Average Fuel Economy, or CAFE, standard would boost regulatory compliance costs. Pruitt, who has pledged to roll back what he deems burdensome regulations, told CNBC that American automakers wanted to evaluate those standards. He said he believes the rule-making process was rushed.

Source: CNBC

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# Foreign-Car Dealers Urge Congress to Reject Border Tax

About 250 foreign-car dealers from around the country spread out across Capitol Hill on Thursday to meet with lawmakers and urge them to reject a House Republican plan for a new tax on imports. Members of the American International Automobile Dealers Association, which represents 9,500 franchises, told members of Congress that the border-adjustment tax would hurt sales. They point to a study by the Center for Automotive Research that the tax could lead to a 5.6 percent increase in prices in the overall market, or an estimated average of \$1,970 per vehicle. Source: The Detroit News

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### Volkswagen Set to Plead Guilty on Friday in Emissions Case

Volkswagen AG is set to plead guilty on Friday to three felony counts in the Justice Department's diesel emissions investigation, as the German automaker seeks to move past its cheating scandal. As part of a plea agreement with U.S. prosecutors announced in January, the company agreed to sweeping reforms, new audits and oversight by an independent monitor for three years after it admitting to installing secret software in vehicles to enable it to beat

emissions tests over a six-year period. Source: Reuters

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### BMW's Struggles in the U.S. Hit Overall Earnings

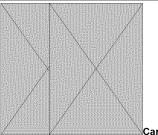
The self-proclaimed ultimate driving machine has hit a pothole in the world's most important luxury market. BMW AG's U.S. operation helped fuel the German auto maker's rise, but it is now struggling to keep pace in the cutthroat American market. The company, whose BMW brand reported its first U.S. sales decline in seven years, needs a jump start so it can fund a spate of ambitious technology products.

New SUVs from smaller luxury competitors, including Jaguar and Land Rover, have added pressure on BMW at the same time some of its hallmark vehicles—including the 5-Series—need to be refreshed. Brian Allan, senior director of Galpin Motors, a Los Angeles dealership that sells brands such as Lincoln, Volvo and Jaguar, said it doubled its sales of Jaguar vehicles in 2016, with sales of the F-Pace SUV accounting for 30% of the increase. Sales of Volvo vehicles rose 50% at the dealership in 2016, driven almost exclusively by the XC90 SUV.

Source: The Wall Street Journal (Subscription required)

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# Ford's Hinrichs and Toyota's Carter Slated for NADA / J.D. Power Automotive Forum



Joe Hinrichs, executive vice president and president, The Americas, Ford Motor Company, will sit down for a fireside chat with Jason Stein, publisher of *Automotive News*. Bob Carter, senior vice president of automotive operations for Toyota Motor Sales, U.S.A., will discuss "Mobility for the Next 50 Years: Cars, Technology, Safety and Mobility Solutions for Everyone," followed by a Q&A session with Finbarr O'Neill, president of J.D. Power.

Hinrichs and Carter are among several speakers and panel sessions scheduled at the 2017 Automotive Forum at the Grand Hyatt New York on April 11. The full-day forum, "Automotive 3.0 – Navigating through Changing Times," is hosted by NADA, J.D. Power and the New York International Auto Show.

For the full agenda or to register, visit

<u>www.autoforumny.com</u>. Attendees will receive exclusive access to the auto show during press days starting on April 12.

Source: NADA

#### Related article:

NADA / J.D. Power Automotive Forum to Discuss
 'Policy and Regulation in the Trump Era' (NADA Headlines)

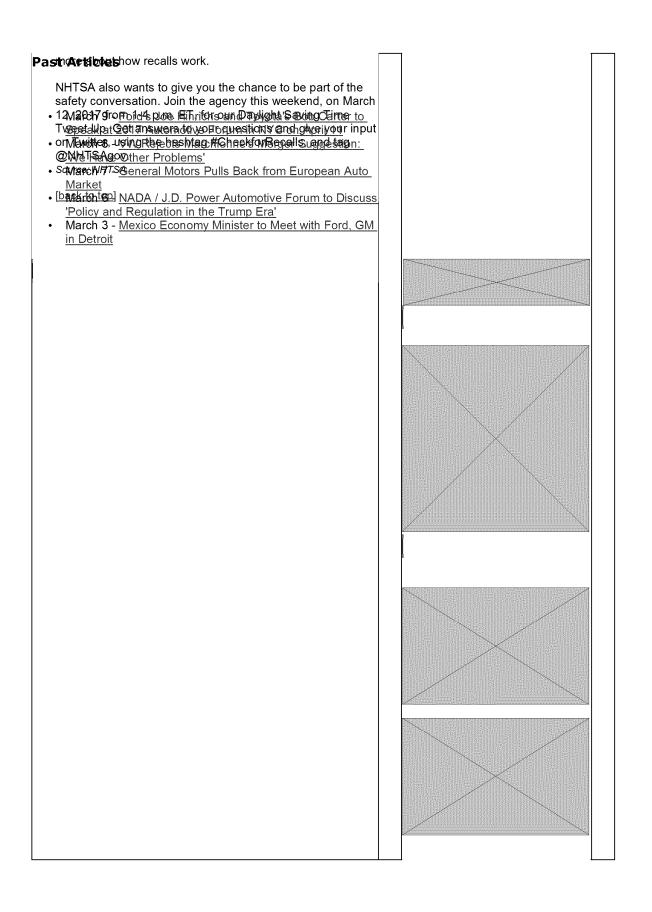
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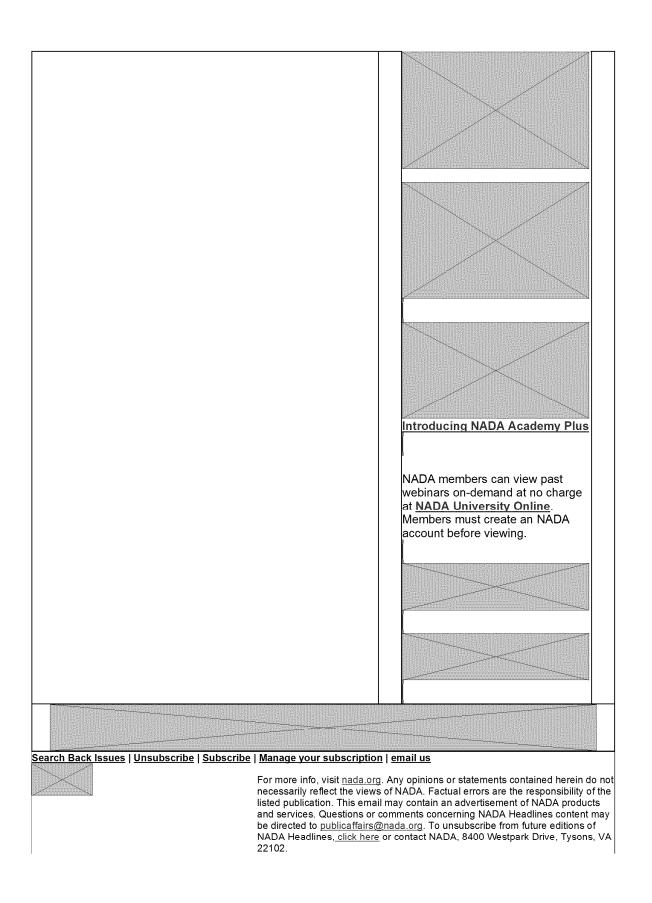
**Past Articles** 

# NHTSA Says to Check for Recalls with Daylight Saving

It's that time of year again – daylight saving time – when we check our smoke alarms and set our clocks forward to spring ahead. Why not protect yourself and your loved ones against possible vehicle safety defects, too? This weekend the National Highway Traffic Safety Administration (NHTSA) is recommending consumers use the daylight saving time schedule to take a simple safety step and check their VIN to see if their vehicle is under a recall.

Consumers can use NHTSA's free <u>VIN Look-up Tool</u> on NHTSA.gov to see if their vehicle manufacturer or NHTSA has determined that there is a defect in their vehicle. If consumers are new to the process, they can also watch this step-by-step <u>video</u> on how to check their VIN and find out





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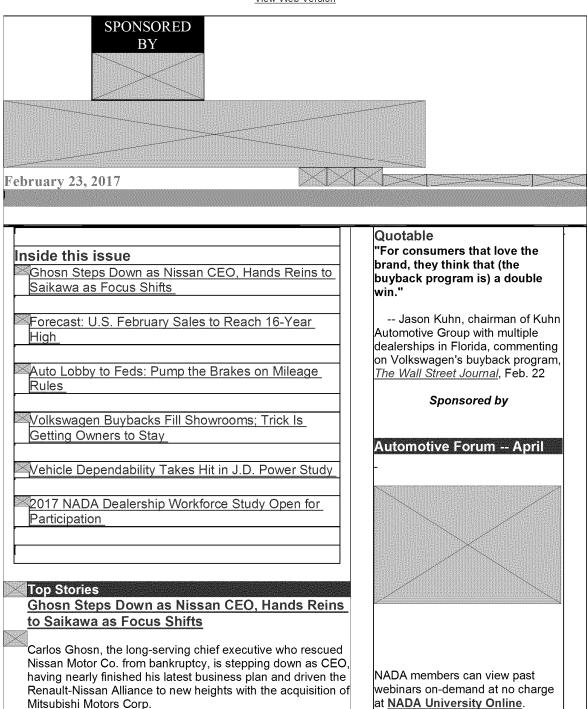
From: NADA Headlines

Source: Automotive News

**Sent:** Thur 2/23/2017 3:10:55 PM

Subject: Ghosn Steps Down as Nissan CEO, Hands Reins to Saikawa as Focus Shifts

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Members must create an NADA

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## Forecast: U.S. February Sales to Reach 16-Year High

A WardsAuto forecast calls for U.S. automakers to deliver 1.34 million light vehicles in February, a 16-year high for the month. A daily sales rate of 55,949 units over 24 days represents a 0.1% improvement from like-2016 (also 24 days). The report puts the seasonally adjusted annual rate of sales for the month at 17.70 million units, compared with year ago's 17.60 million and January's 17.48 million mark. Source: WardsAuto (Subscription required)

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### Auto Lobby to Feds: Pump the Brakes on Mileage Rules

[The Washington, D.C.-based Alliance of Automobile Manufacturers] is pushing new U.S. Environmental Protection Agency Administrator Scott Pruitt to reverse a decision by the Obama administration to finalize stringent fuel economy rules that are estimated to add at least \$2,000 to the sticker price of a vehicle. "The alliance requests that the EPA withdraw the Final Determination and resume the midterm evaluation on the original timetable, to remedy the severe procedural and substantive defects that have infected the process to date," [Auto Alliance President Mitch] Bainwol wrote to the new EPA chief.

Source: The Detroit News

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# Volkswagen Buybacks Fill Showrooms; Trick Is Getting Owners to Stay

VW could experience a tailwind for the foreseeable future, as the program extends through 2018 and only about one-fifth of eligible owners have taken advantage

Volkswagen AG has bought back or terminated the leases of 125,000 diesel vehicles from owners affected by the company's emissions-cheating scheme, helping spur showroom traffic in recent months for hundreds of U.S. dealers who weathered brutal sales declines in the wake of the scandal.

Source: The Wall Street Journal (Subscription required)

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# Vehicle Dependability Takes Hit in J.D. Power Study

Technology-related problems contributed to a worsening in dependability for a second consecutive year in the J.D. Power and Associates Vehicle Dependability Study. The study, which looked at problems reported in the past 12 months by owners of 2014 model-year vehicles, found an industry average of 156 problems per 100 vehicles. The previous study released in 2016 found 152 problems per 100

vehicles. As high-tech gadgetry filters down through all levels of vehicles, more problems are being registered by owners. Source: The Detroit News

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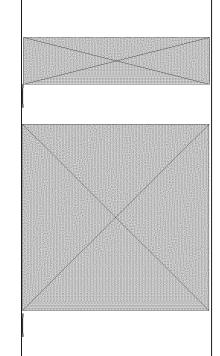
### Past@irtitlesA Dealership Workforce Study Open for **Participation**

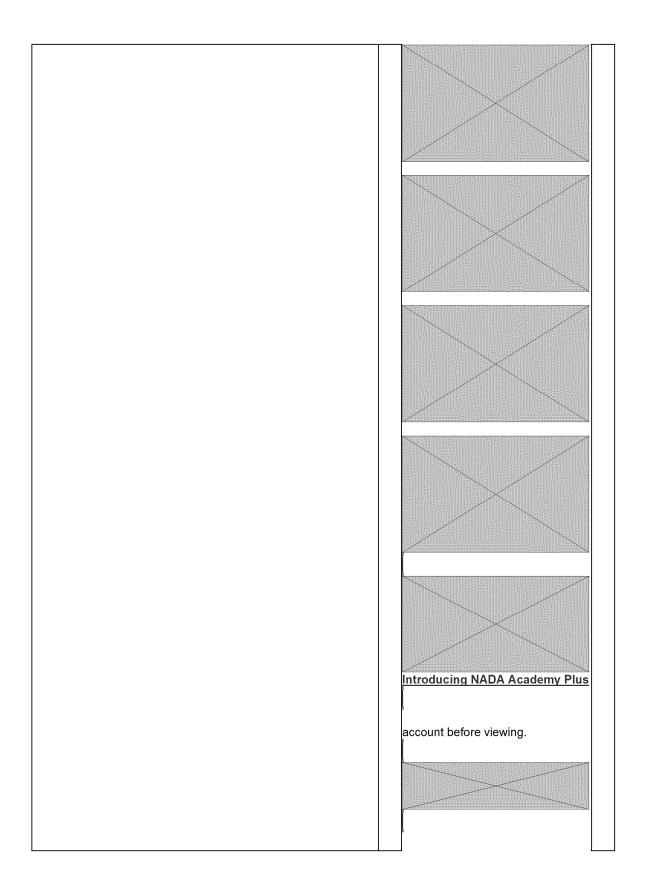
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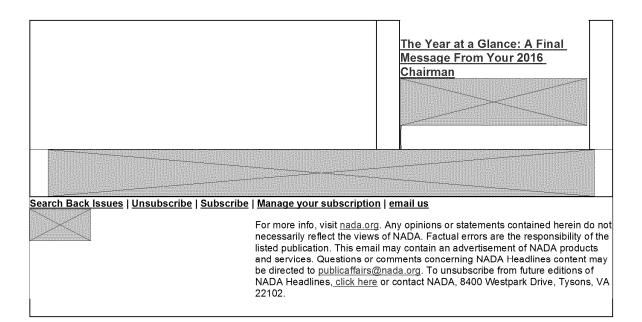
members. The DWS is open for participation now through April 28, 2017, at www.nadaworkforcestudy.com.

In return for participating in the study, dealerships will receive two complimentary reports: (1) Automotive Retail: National and Regional Trends in Compensation, Benefits and Retention and (2) a custom report, which includes comparisons of the dealership(s) to peers nationally, regionally, by state and brand. All data must be submitted by April 28, 2017. To participate in the study, go to www.nadaworkforcestudy.com to begin. For questions, email WorkforceStudy@nada.org. Source: NADA Dealership Operations

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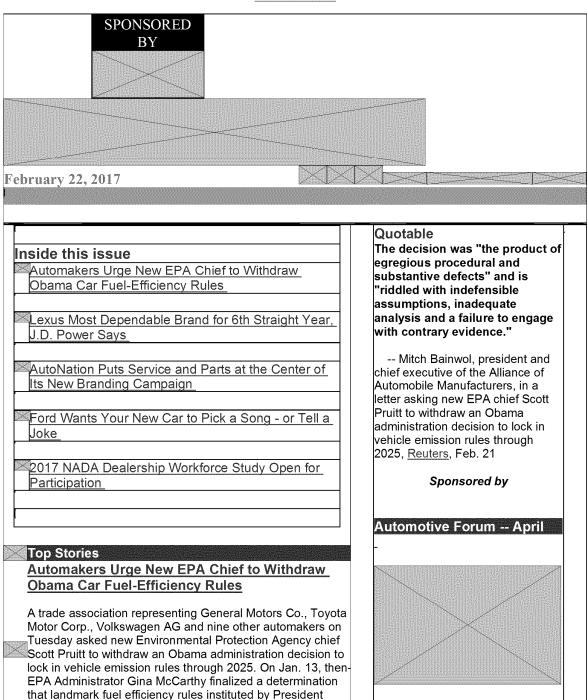
To: Moran, Robin[moran.robin@epa.gov]

From: NADA Headlines

Sent: Wed 2/22/2017 5:02:27 PM

Subject: Automakers Urge New EPA Chief to Withdraw Obama Car Fuel-Efficiency Rules

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Barack Obama should be finalized through 2025, a bid to

maintain a key part of his administration's climate legacy.

Mitch Bainwol, president and chief executive of the Alliance of Automobile Manufacturers, said in a letter to Pruitt the decision was "the product of egregious procedural and substantive defects" and is "riddled with indefensible assumptions, inadequate analysis and a failure to engage with contrary evidence." Automakers have argued that the rules could result in the loss of up to 1 million jobs because consumers could be less willing to buy the more fuel efficient vehicles since their engineering will result in higher price tags.

The EPA had until April 2018 to decide whether the 2025 standards were feasible but in November moved up its decision to Jan. 13, just before Obama left office. Separately, the Association of Global Automakers, a trade group representing Honda Motor Co., Nissan Motor Co Ltd., Hyundai Motor Co. and others, said late Tuesday it had formally petitioned the EPA to withdraw the determination. The group argued in a separate letter to Pruitt Tuesday reviewed by Reuters that "EPA opted for political expediency" and "jammed through a final determination in the waning days of the lame-duck administration."

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### Lexus Most Dependable Brand for 6th Straight Year, J.D. Power Says

### Mercedes, Hyundai, BMW, Jaguar join Top 10; GMC, Acura, Ram and Lincoln fall from Top 10

Lexus and Porsche are the most dependable brands after three years of vehicle ownership, while Toyota leads non-premium labels, according to a J.D. Power study. It is the sixth consecutive year that Lexus topped J.D. Power's annual U.S. Vehicle Dependability Study, released Wednesday. The streak puts Lexus halfway to tying its record of 12 consecutive titles for most dependable brand between from 1997 to 2008. Toyota, Buick and Mercedes-Benz rounded out the top five brands overall. Mercedes, Hyundai (No. 6), BMW (No. 7) and Jaguar (No. 10) were newcomers to the Top 10 this year, while GMC, Acura, Ram and Lincoln dropped out.

Source: Automotive News

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### AutoNation Puts Service and Parts at the Center of Its New Branding Campaign

AutoNation Inc. is spending big to win back its car and truck buyers who have defected to aftermarket service and parts competitors -- or to keep them from straying in the first place. It intends to hold onto these customers for life. "We aim to deal with every need our customers have," Bill Berman, AutoNation's president, told Fixed Ops Journal during an interview at the company's headquarters here."Whether it's

an oil change or selling parts, we don't want to lose any customer to an independent."

Source: Fixed Ops Journal (Automotive News)

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### Ford Wants Your New Car to Pick a Song - or Tell a Joke

Ford wants the self-driving cars of the future to be better listeners and observers: It's aiming to build vehicles that pick up on the smallest changes in drivers' vocal inflections and facial expressions, and adapt the drive accordingly. The company is partnering with a German technology university to create advanced in-car microphone and camera systems. Source: The Detroit News

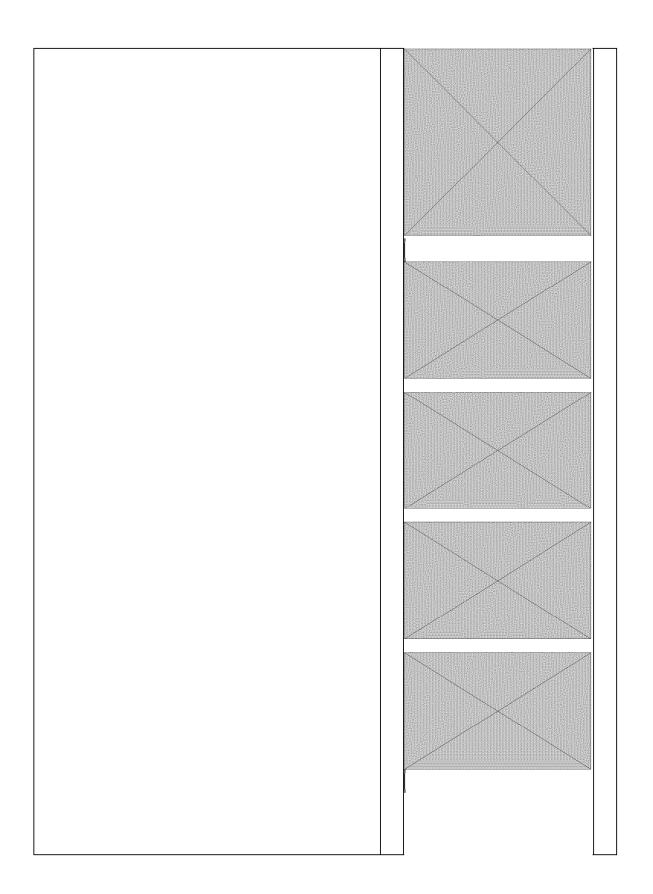
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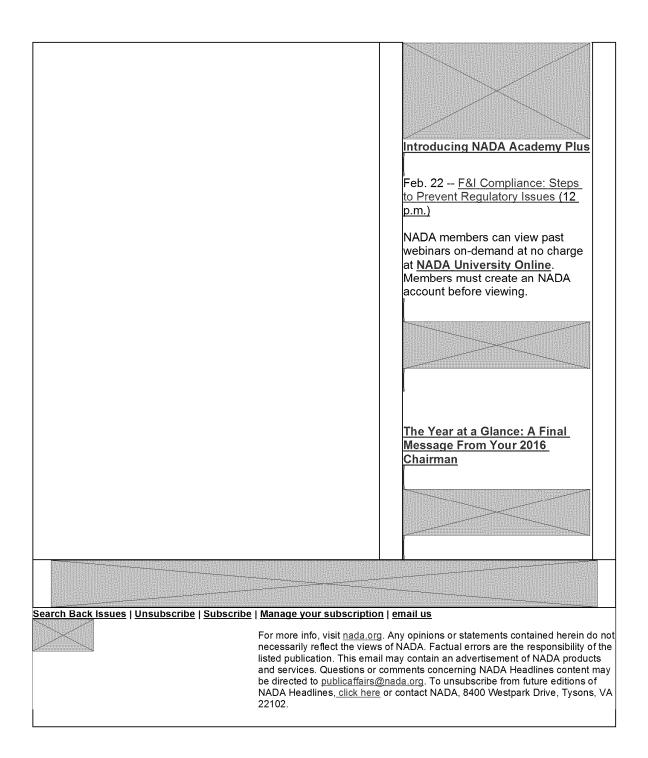
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To: Moran, Robin[moran.robin@epa.gov]

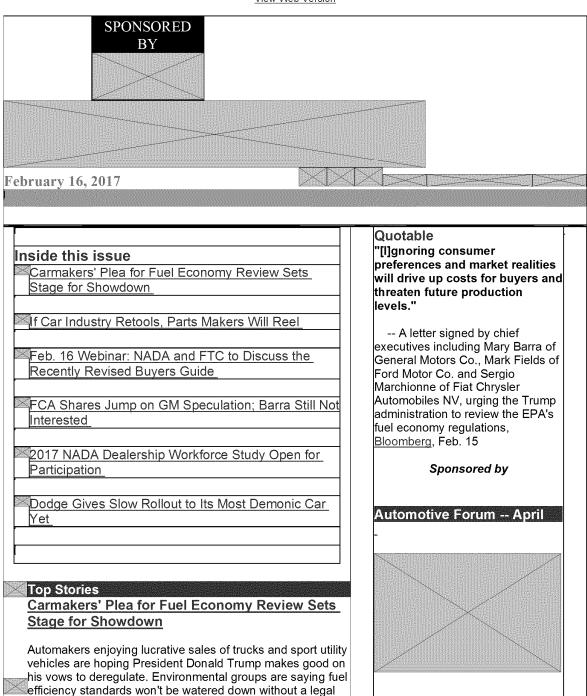
From: NADA Headlines

challenge.

**Sent:** Thur 2/16/2017 4:12:09 PM

Subject: Carmakers' Plea for Fuel Economy Review Sets Stage for Showdown

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Eighteen auto industry executives sent a letter to Trump on Friday, asking him to reinstate an Environmental Protection Agency review of fuel economy regulations through 2025 that they say was unfairly cut short during the final days of the Obama administration. That letter could be the opening act in a potential drawn-out battle in Washington and in U.S. courts as environmental groups consider suing to stall or derail any effort to lower the targets.

The issue auto executives raised in their letter last week was the review process for the nation's fuel efficiency standards. The companies and then-President Barack Obama struck a deal in 2011 to double average fuel economy of vehicles to 54.5 miles per gallon by 2025, with the caveat that a midterm review would determine whether the standards for the final years of the program were feasible.

Automakers say falling gasoline prices have squelched demand for the most fuel-efficient vehicles, making achieving the standards more difficult. Just a week before Trump took office, the EPA said it had concluded its review more than a year ahead of schedule and the rules didn't need to be changed.

Source: Bloomberg

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### If Car Industry Retools, Parts Makers Will Reel

Lift the hoods of the world's auto makers to see the problems in store for companies that have thrived on the automotive global supply chain. Car makers are reeling with the uncertainty of President Donald Trump's threats to impose border tariffs and import duties—their earnings calls these days are peppered with comments and questions on U.S. investment plans. So it is worth considering how much of a car is actually made in the U.S., as American imports of car parts surge.

There is the car and then everything that has gone into putting the car together. While the focus has remained on the former, it is the automotive parts that could substantially raise the costs of making cars. Tariffs could likely apply to both—the car and the parts, so the compounding effect looks painful.

Source: The Wall Street Journal (Subscription required.)

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### Feb. 16 Webinar: NADA and FTC to Discuss the Recently Revised Buyers Guide

Join NADA and FTC attorney John Hallerud in a webinar covering the changes to the Used Car Rule and the revised Buyers Guide. Learn how to properly produce, use and complete the revised Buyers Guide, and ask your questions directly to the FTC. This webinar is open to dealers, dealership staff, dealer attorneys, dealership compliance professionals, and dealership forms providers. Click here to register.

Date: Today, Thursday, Feb. 16, 2017

Time: 1 p.m. ET **Duration:** 75 minutes

Source: NADA

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### FCA Shares Jump on GM Speculation; Barra Still **Not Interested**

Fiat Chrysler Automobiles shares have outpaced General Motors in the initial aftermath of a potential Opel sale, amid fresh speculation the two could combine. The problem: GM CEO Mary Barra still isn't interested. Analysts are seeing GM's proposed sale of its European business creating an opening for FCA to revive its long-standing -- and one-sided effort -- to combine with GM. Shedding Opel would eliminate GM's overlap with Fiat in Europe and clear the way for the largest U.S. automaker to replace money-losing operations with Fiat's profitable brands.

Source: Bloomberg / Automotive News

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### 2017 NADA Dealership Workforce Study Open for **Participation**

### For participating in the study, dealerships will receive two complimentary reports.

With a retail workforce topping 1 million and the industry poised for growth, dealerships need to focus on hiring and keeping talented employees. The NADA Dealership Workforce Study (DWS) provides one-of-a-kind analysis of dealership pay plans and benefit packages, retention and turnover, employee benefits, work schedules and demographics. It is based on actual payroll data and questionnaire responses submitted by NADA and ATD members. The DWS is open for participation now through April 28, 2017, at www.nadaworkforcestudy.com.

In return for participating in the study, dealerships will receive two complimentary reports: (1) Automotive Retail: National and Regional Trends in Compensation, Benefits and Retention and (2) a custom report, which includes comparisons of the dealership(s) to peers nationally, regionally, by state and brand. All data must be submitted by April 28, 2017. To participate in the study, go to www.nadaworkforcestudy.com to begin. For questions, email WorkforceStudy@nada.org.

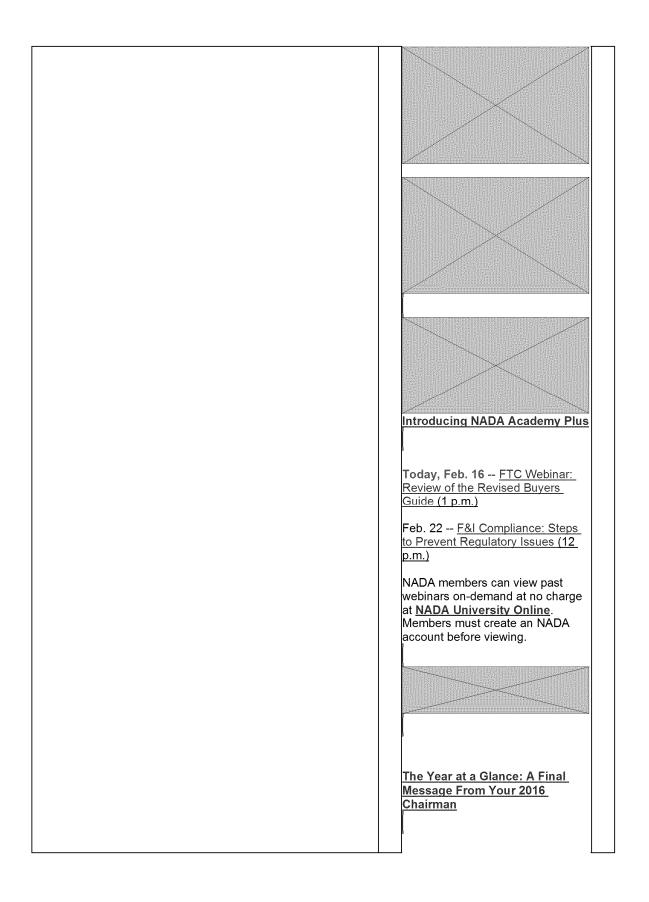
Source: NADA Dealership Operations

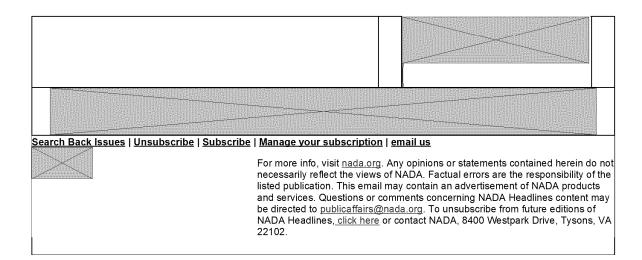
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### PasD Adthicles/es Slow Rollout to Its Most Demonic Car Yet

From the slow-motion rollout that Fiat Chrysler is giving its · lates petrol manstern cousts this Thuring is used to the article of the course Charled the SRT Demon will be fast. Really fast. The company is relied shapmed altered to the street were the same of the street will be fast. The same of the sam

Auto Show in April, where Demon will make its debut. The videos, including the latest, "Forced Induction," are all finding a home on a special website. Tim Kuniskis, FCA's head of passenger car brands, has said that the Demon would be more powerful than the Challenger Hellcat models, which are powered by a 6.2-liter, supercharged V-8 engine that delivers 707 horsepower. Source: Detroit Free Press [back to top] for Participation
Feb. 13 - Tax Threat Heightens Concern about Affordability
Feb. 10 - Mexican Tariff Could Hit Lower-Income Car Feb. 9 - Nissan Profit Climbs as SUV Sales Pick Up





To: Moran, Robin[moran.robin@epa.gov]

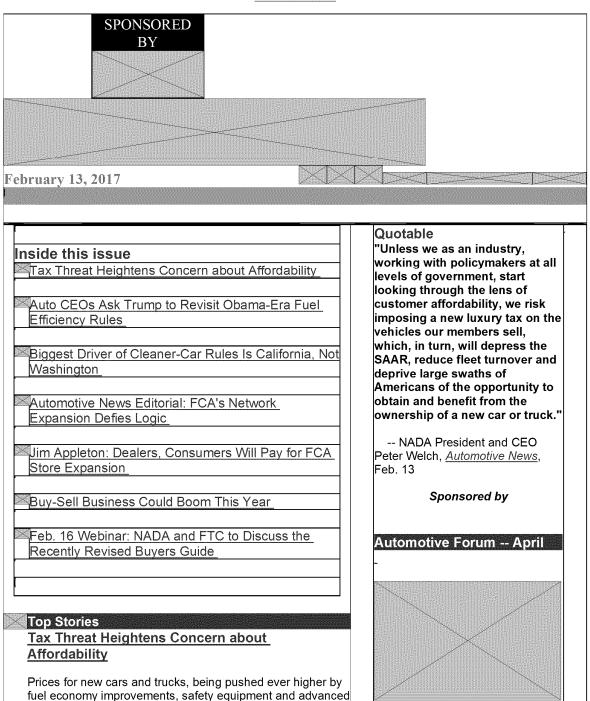
From: NADA Headlines

Sent: Mon 2/13/2017 3:47:08 PM

Subject: Tax Threat Heightens Concern about Affordability

technology, could soar out of range for many buyers with the

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addition of an import tax to the equation.

Among the vehicles hit hardest would be entry-level nameplates that automakers rely on as gateways for new customers but say they can't make profitably in the U.S.

President Donald Trump and House Republicans have floated the idea of taxing vehicles and other goods that enter the nation's borders, while providing more favorable tax treatment to exports. Such a tax would have drastic effects on the auto industry, raising prices not only on Nissan Versas, Ford Fusions and crew-cab Chevrolet Silverados assembled in Mexico, but also on many of the imported components that U.S. plants use.

The tax would ripple through dealerships, which would pay more to carry higher-priced vehicles in inventory. Auto sales would inevitably decline, as some consumers instead visit a pre-owned lot or hold onto their current vehicles longer, and that could lead to job losses both on sales floors and assembly lines.

"We already have an affordability issue with the auto industry," said Cody Lusk, president of the American International Automobile Dealers Association. "We're already pushing it with consumers, with the average payment going up and loan terms being stretched out."

Source: Automotive News

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### Auto CEOs Ask Trump to Revisit Obama-Era Fuel Efficiency Rules

The chief executives of 18 automakers asked President Donald Trump to reinstate a U.S. Environmental Protection Agency review of fuel efficiency regulations through 2025 that they say was unfairly cut short during the final days of the Obama administration. In a Feb. 10 letter, executives including Mary Barra of General Motors Co., Ford Motor Co.'s Mark Fields and Fiat Chrysler Automobiles NV boss Sergio Marchionne asked Trump to return the review to its original schedule, giving the new administration a chance to shape the outcome.

Source: Bloomberg

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### Biggest Driver of Cleaner-Car Rules Is California, Not Washington

State has power to set mandate on zero-emissions separate from U.S. efforts

Ford Motor Co. Chief Executive Mark Fields used a recent White House breakfast with President Donald Trump to argue for relaxing U.S. car-emissions standards. But Mr. Fields and other auto executives need to travel 2,700 miles west of Washington to find the government officials who are pushing them the most on environmental regulations. When it comes

to forcing auto makers to build cleaner cars, California is in the driver's seat.

Source: The Wall Street Journal (Subscription required.)

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### Automotive News Editorial: FCA's Network Expansion Defies Logic

Automakers and dealers would find it impossible to survive without each other's support. Yet from time to time, manufacturers seem to forget this and proceed without regard for the economic well-being of their partners. The latest example: Fiat Chrysler's move to add approximately 380 stores to its network of about 2,500 U.S. dealerships. We question that logic. Have FCA's sales been faltering lately because the company has too few dealers? Certainly not. Source: Automotive News

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### Jim Appleton: Dealers, Consumers Will Pay for FCA Store Expansion

A manufacturer's power to create a new dealership location is the power to destroy any number of existing dealerships within the market. FCA's drive to create hundreds of new locations across the U.S. may be a sign of real optimism about the future. And that sign of strength is certainly good news to dealers and dealer advocates; that is until a rash of new points threatens to undermine the financial stability of incumbent dealerships, the employees who work there, and the consumers and communities that rely on these established businesses.

Jim Appleton is president of the New Jersey Coalition of Automotive Retailers, which represents dealers at the state's 500-plus franchised new-car and -truck dealerships. Source: Automotive News

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### **Buy-Sell Business Could Boom This Year**

This year's buy-sell activity is expected to outpace 2016's in volume -- if sellers continue to come to market and prices drop, buy-sell advisers say. "We have projected this to be the most active buy-sell market in history," said Erin Kerrigan, managing director of Kerrigan Advisors in Irvine, Calif. Kerrigan said the number of buyers and her client base of sellers are growing.

Source: Automotive News

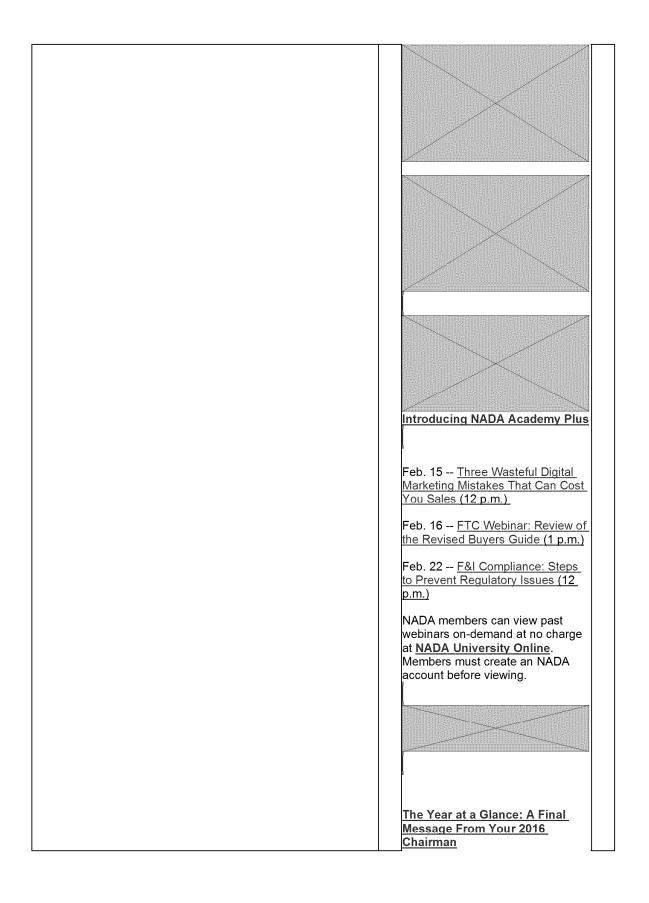
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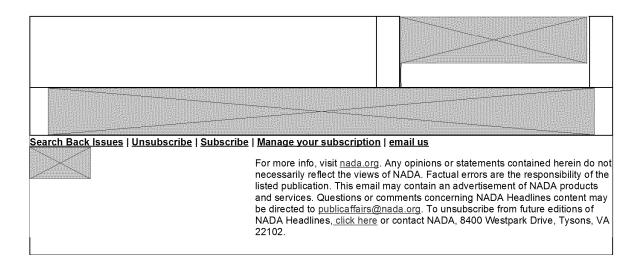
### PaseAxticles ebinar: NADA and FTC to Discuss the Recently Revised Buyers Guide

Join NADA and FTC attorney John Hallerud in a webinar covering the waste of the covering the cov

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directly to the FTC. This webinar is open to dealers, dealership staff, dealer attorneys, dealership compliance professionals, and dealership forms providers. Click here to register. Date: Thursday, Feb. 16, 2017 Time: 1 p.m. ET **Duration:** 75 minutes Source: NADA [back to top] Feb. 8 - GM Aims SUVs at Shrinking Margin After Record Annual Profit Feb. 7 - GM Posts \$9.43 Billion in Net Profits for '16 Feb. 6 - FCA's Plan to Add Stores Riles Dealers



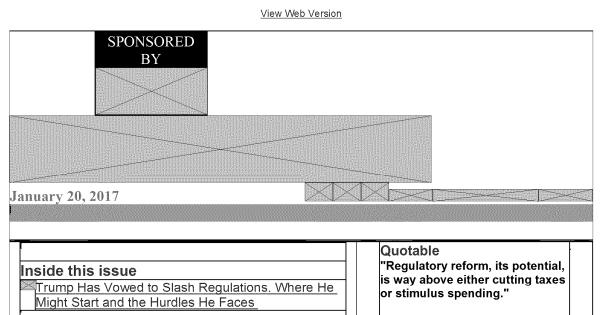


To: Moran, Robin[moran.robin@epa.gov]

From: NADA Headlines

**Sent:** Fri 1/20/2017 4:07:28 PM

Subject: Trump Has Vowed to Slash Regulations. Where He Might Start and the Hurdles He Faces



Another Round of Takata Airbag Recalls Filed by 13
Automakers

California Warns of Break From Washington on Clean-Air Rules

Ex-Chief of VW Holds Firm During Grilling on Emissions Deception

Roger Penske and Helio Castroneves Join Speaker
Lineup at NADA Convention

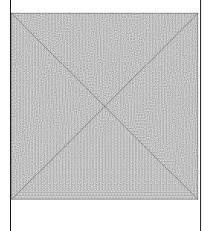
### Top Stories

Trump Has Vowed to Slash Regulations. Where He Might Start and the Hurdles He Faces

Donald Trump's ascendance to the White House has raised hopes among U.S. businesses for the most significant rollback of regulations since the Reagan administration. Cutting regulations is not only a key component in Trump's goal of doubling economic growth to 4%, but some economists regard it as potentially the most powerful agent for revving up the sluggish pace of business investment and overall productivity, the single biggest factor in improving the

 -- John Cochrane, senior fellow at Stanford's Hoover Institution, commenting on President-elect Donald Trump's plan to cut regulations, *Los Angeles Times*, Jan. 19

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living standards of Americans. Trump has called Dodd-Frank "a very negative force" in the economy. And his Treasury secretary designee, Steven Mnuchin, believes that Dodd-Frank is too complicated and an obstacle to lending, and has pledged to strip back parts of the law and make that priority No. 1 on regulatory reform.

Source: Los Angeles Times

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### Another Round of Takata Airbag Recalls Filed by 13 Automakers

More than a dozen automakers this week recalled another 652,000 vehicles with Takata airbag inflators in the U.S. to replace front passenger inflators as the largest callback in the history of the auto industry continues to cascade through the regulatory process. The 13 automakers that posted recalls in the latest U.S. batch are Audi, BMW, Daimler Vans, Ferrari, Jaguar Land Rover, Mazda, Mercedes-Benz, Mitsubishi, Nissan, Subaru, Tesla, McLaren and Karma.

Source: Automotive News

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### California Warns of Break From Washington on Clean-Air Rules

California sent a warning shot in a potential showdown with the incoming Trump administration, with the state's clean-air regulators digging in on mandates for an ever-greater number of electric and fuel-cell cars. The staff of California's Air Resources Board called national efforts to promote electrification "very modest" after 2025 as it released a more than 660-page report Wednesday on the future of zero-emission vehicles, or ZEVs. If federal emissions standards are substantially changed, the state may revisit whether to keep coordinating with Washington's policies, they said. Source: Bloomberg

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### Ex-Chief of VW Holds Firm During Grilling on Emissions Deception

Volkswagen's former chief executive, Martin Winterkorn, yielded no ground on Thursday during a polite grilling by German lawmakers over the carmaker's diesel-emissions deception, but he astonished them by insisting that he had not heard the term "defeat device" before September 2015, when the scandal broke. Appearing in public for the first time since he resigned over the case, Mr. Winterkorn, who worked at the company for more than 35 years, contended, as he has all along, that he had not been aware of any wrongdoing. Source: The New York Times

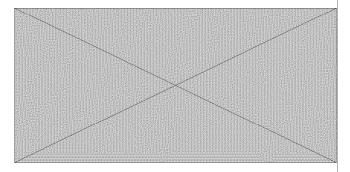
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### Pask AgeticResnske and Helio Castroneves Join Speaker Lineup at NADA Convention

Advance registration discount for dealers and managers

### ends Friday, Jan. 20.

Motorsports legends Roger Penske, chairman of Penske Corporation, and Helio Castroneves, three-time Indianapolis 500 winner for Team Penske Racing, will take the stage at the 2017 NADA Convention and Expo in New Orleans on Saturday, Jan. 28. Keith Crain, editor-in chief of *Automotive News*, will moderate the discussion.



"As NADA celebrates its centennial, it's a wonderful honor for it to salute Roger Penske on 50 years of motorsports along with Helio Castroneves, who is an icon at Indianapolis as well as becoming a participant in an auto dealership," Crain said. "NADA's 100th anniversary is a milestone for auto dealers across this nation."

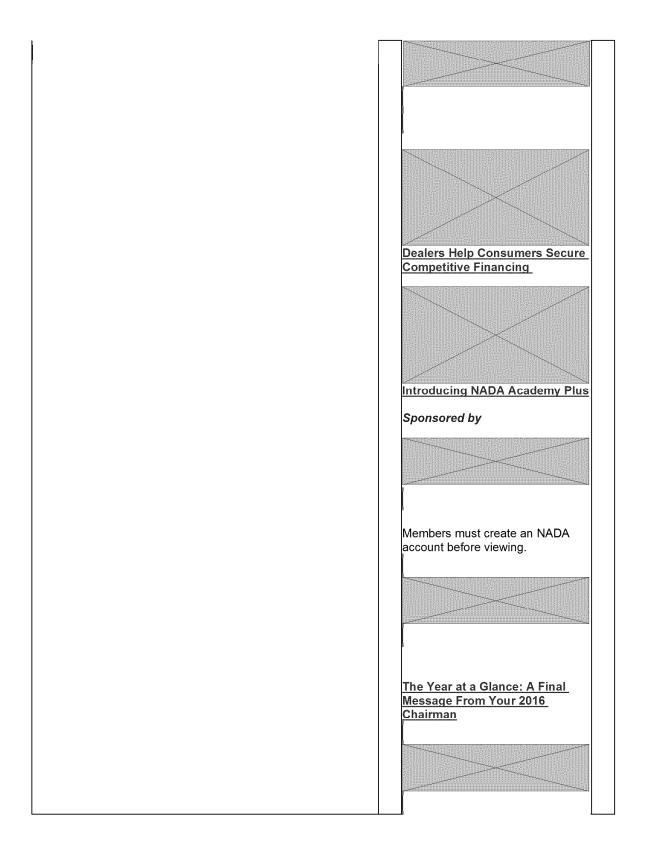
Mark Fields, president and CEO of Ford Motor Company, will sit down with 2016 NADA Chairman Jeff Carlson for a fireside chat during the opening general session on Friday, Jan. 27. Other speakers at the NADA convention – which runs from Thursday, January 26, to Sunday, January 29 – include Carlson (Jan. 27) and 2017 NADA Chairman Mark Scarpelli (Jan. 28), *New York Times* best-selling authors, comedian Jim Gaffigan (Jan. 27) and inspirational speaker Amy Purdy (Sunday, Jan. 29).

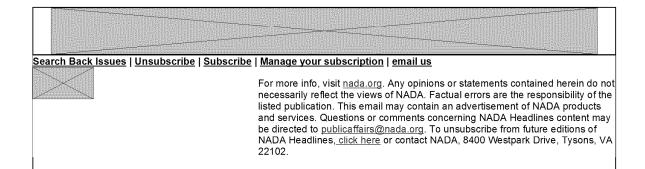
NADA, founded in 1917, will kick off yearlong events commemorating its 100-year anniversary with NADA 100 Carnival, which will be held at Mardi Gras World on Thursday, Jan. 26. The Carnival will feature top New Orleans cuisine and musical entertainment from Foreigner, Cowboy Mouth and jazz favorites. For more information or to register, visit www.nadaconvention.org.

Source: NADA Public Affairs

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- Jan. 19 Roger Penske and Helio Castroneves Join Speaker Lineup at NADA Convention
- Jan. 18 New-Car Dealers to Promote Prom-Season Teen Driving Safety at Upcoming NADA Convention
- Jan. 17 NADA's Welch: Seize the Political Opportunity
- Jan. 13 NADA Urges Trump Administration to Reverse Obama EPA's Final Determination on Fuel Economy
- Jan. 12 Mark Fields Joins NADA Convention Speaker Lineup in New Orleans





To: Olechiw, Michael[olechiw.michael@epa.gov]

From: Michael Hartrick

Sent: Sat 3/18/2017 7:45:54 PM Subject: Megatrends Followup Megatrends EPA 2025 Charmley.pdf

Mike -

I have some members who are interested in better understanding the graphics on slides 23 and 24 of Bill's presentation at the Megatrends conference. Can you share the CO2, fuel energy, road loads, ETW, and footprints underlying the graphics? What does "best powertrain efficiency" represent – best in a specific type of vehicle?

Thanks.

Michael Hartrick

Director of Fuel Economy & Climate

Alliance of Automobile Manufacturers

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mhartrick@autoalliance.org

### March 16, 2017 Bill Charmley EPA GHG UPDATE FOR U.S. Environmental Protection Agency Office of Transportation and Air Quality National Vehicle and Fuel Emissions Laboratory PROTECTION AGENCY

### Overview

- How the EPA GHG Standards Work
- Industry Progress To Date
- What Might the 2025 Time-Frame Look Like EPA assessment (thus far)
- What Comes Next

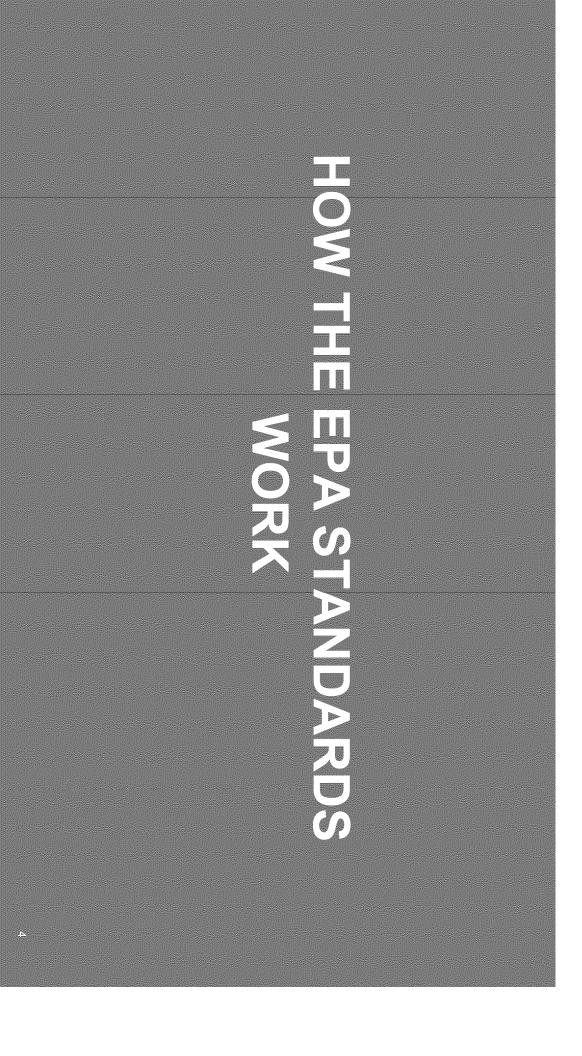
# Why does EPA have GHG Standards for Light-Duty Vehicles?

U.S. Supreme Court in 2007 on the topic of EPA and regulation of GHGs from motor vehicles:

protecting the public "health" and "welfare", a statutory obligation wholly independent of DOT's mandate to promote energy efficiency." its environmental responsibilities. EPA has been charged with "But that DOT sets mileage standards in no way licenses EPA to shirk

## Clean Air Act directs EPA –

anticipated to endanger public health or welfare." cause, or contribute to, air pollution which may reasonably be the emission of any air pollutant from any class or classes of new motor vehicles or new motor vehicle engines, which in his judgement "The Administrator shall by regulation prescribe ... **standards** applicable to

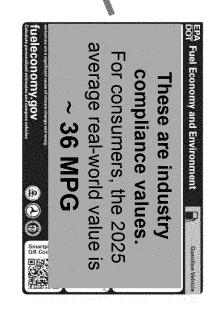


## So What is the 2025 EPA Standard?

Fuel Prices/Fleet Mix Affect EPA's PROJECTION of 2025 Standard

Projections for Model Year 2025 Fleet CO2 Compliance Target

MPG-e (2-cycle)	2025 Fleet CO <sub>2</sub> Compliance Level (g/mi, 2-cycle)	Car/truck mix	Fuel Price (\$/gallon)	
54.5	163	67/33%	\$3.87	2012 Projection
50.8	175	52/48%	\$2.95	Summer 2016 Projection
51.4	173	53/47%	\$2.97	Fall 2016 Projection



### U.S. Environmental Protection Agency – OAR-OTAQ

## 2025 CO2 Standard is a Function of Car & Truck Production Volume and Vehicle Footprint

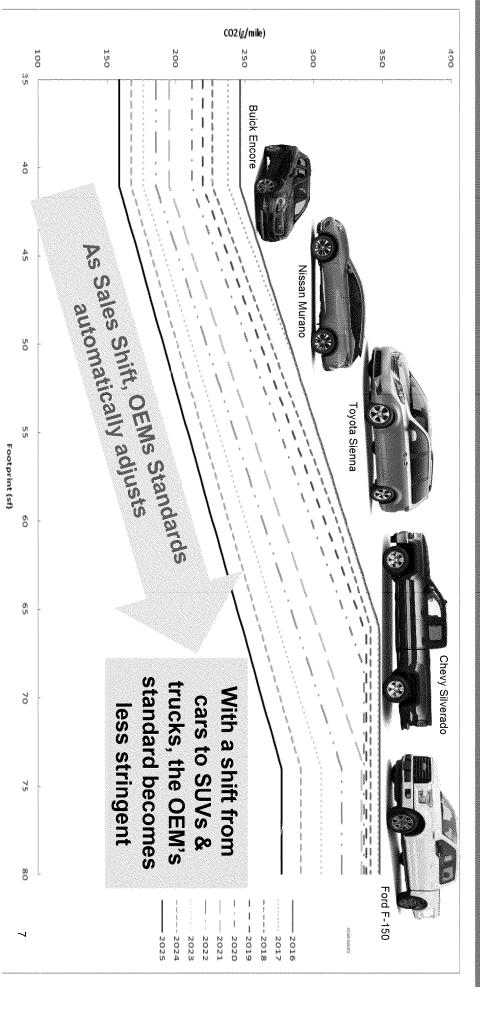
Passenger Car Target (g/mi) = (3.26 x footprint) – 3.2

for vehicle footprints >41 and < 56 square feet

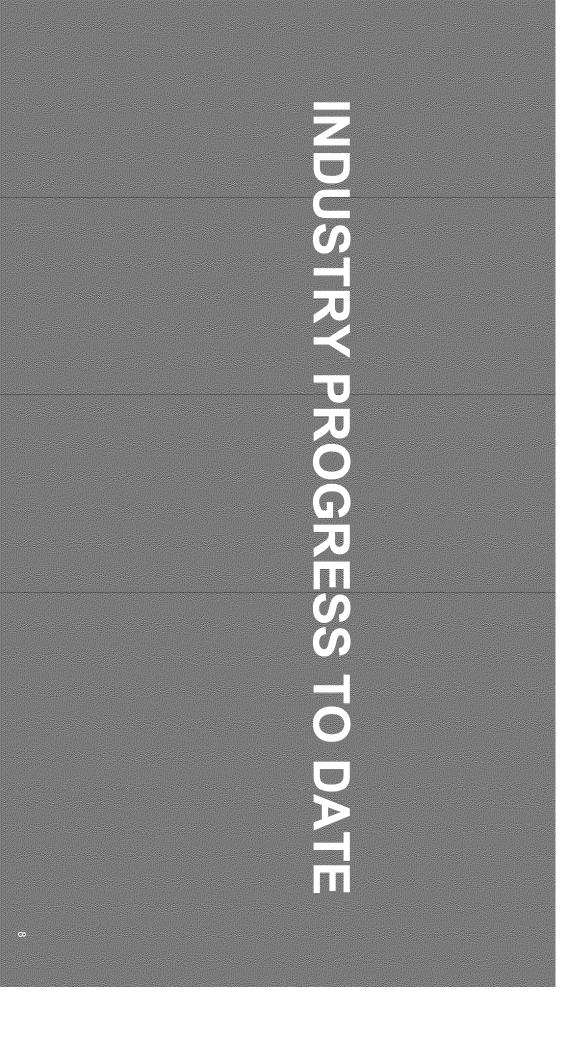
**Light-Truck Target** (g/mi) = (3.58 x **footprint**) +12.5

for vehicle footprints >41 and < 74 square feet

For each individual company the Car & Truck standards are a function of the # vehicles produced & each vehicle's footprint

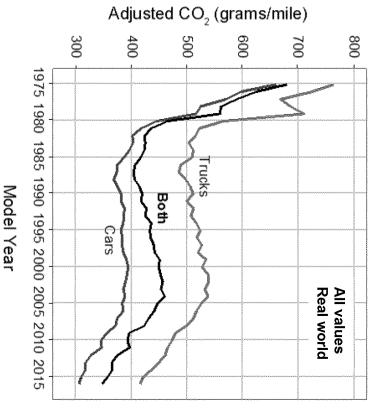


Footprint-based CO<sub>2</sub> Target Curves for Trucks [separate footprint curve for Cars]



MY2015: 358 g/mi CO<sub>2</sub> (24.8 mpg) MY 2016 Projected: 25.6 mpg





All values Real world

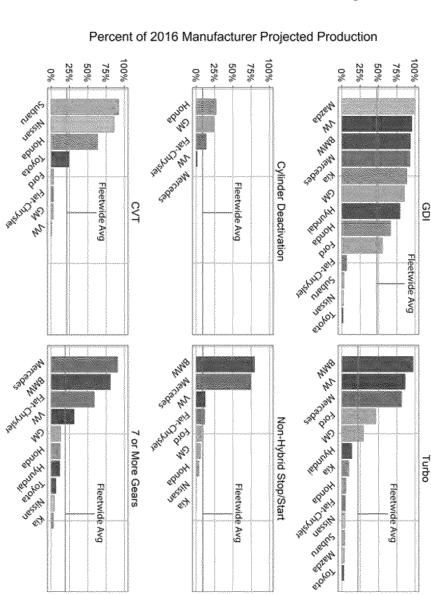
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# Automakers Adopting a Wide Array of Technologies at Rapid Rates

GDI use on nearly half of all with Mazda at 100%, 6 more vehicles (up from 3% in MY2008), OEMs above 75%

~20% fleet use **7+ speed** transmissions, led by Mercedes, BMW, and Fiat-Chrysler

>20% fleet use CVTs, led by Subaru, Nissan, and Honda



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# Early Years of Program Producing Positive Results

**Industry Outperforming Standards** 

7 Years of Sales Increases Thru 2016 First Time in 100 Years

## What Happens to the Over Compliance?

# GHG Program is a Multi-Year Program , multiple layers of flexibility for OEMs

- No single year determines compliance
- Program includes emissions banking and trading
- Credits last at least 5 model years, and early credits last longer.
- Debits can be carried forward for 3 model years
- Today, the bank is 280 Million Megagrams CO2
- 0 What's a Megagram?
- 0 280M worth about 80 grams CO2/mile for the entire U.S. fleet
- 0 Would allow the MY2015 fleet to comply with EPA standards through 2019, if all firms participated fully in credit trading
- 0 Through MY2015, 12 OEMs involved in credit trading

U.S. Environmental Protection Agency - OAR-OTAQ

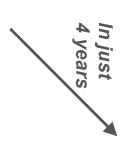
### U.S. Environmental Protection Agency - OAR-OTAQ

many vehicles already meet future targets Advanced Gasoline Vehicles can Take the Industry Much Further …

Vehicle Production that Meets or Exceeds

MY2020 CO<sub>2</sub> Targets

depending on sales their target, of vehicles would With fleet averaging, volumes. need to meet/exceed year, only about 50% in any given model



# Case Study: 2017 Honda CRV 1.5 liter AWD

- Best-selling SUV in U.S.
- AWD versions make up 2/3 of sales
- Advanced Gasoline Technology
- Turbocharged GDI 1.5 liter I4 engine
- Continuously variable transmission
- No electrification
- Could already meet\* 2022 target
- 5 years ahead
- Within 4 mpg of 2025 target ➤ With 8 years to go

U.S. Environmental Protection Agency - OAR-OTAQ

# EPA's Assessments are Informed by a Wide Range of Information

## Technical research performed by EPA

- Benchmarking testing of 30 vehicles across wide range of powertrains & segments (with more to come)
- Published more than 30 peer-reviewed papers and technical reports
- "learning by doing" costs, research on consumer issues, economic inputs, others Vehicle simulation modeling, cost teardown studies, mass reduction feasibility/cost studies, manufacturer

## Extensive reviews of the literature

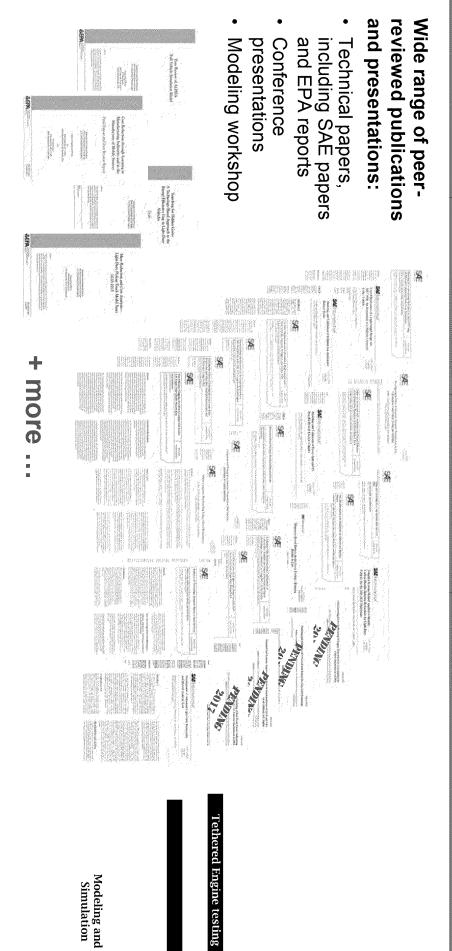
 100's of reports/papers from the literature published since 2012, including major studies such as the 2015 National Academy of Sciences report

# Stakeholder outreach & collaboration

- 0 governments, others Hundreds of meetings with automakers, suppliers, NGOs, consumer groups, labor, states/local
- 0 Collaboration with NHTSA, CARB, DOE, Transport & Environment Canada

# EPA technical information available to all stakeholders/public

EPA's National Vehicle and Fuel Emissions Laboratory Ann Arbor, MI



### U.S. Environmental Protection Agency - OAR-OTAQ

# **EPA Most Recent Assessment-**

# Standards can be Met Mostly with Advanced Gasoline Technologies

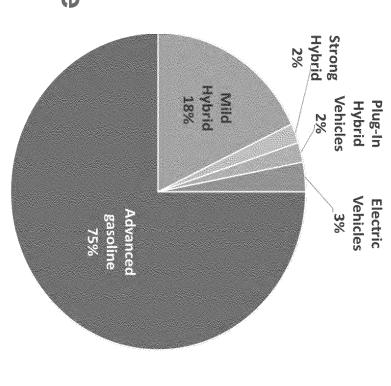
## Cost estimate of \$875/vehicle

- Advanced engines and transmissions
- Vehicle light -weighting
- Improved aerodynamics
- More efficient accessories
- Low rolling resistance tires
- Stop-start technology
- Mild hybrid (e.g., 48 volt systems)
- Small levels of strong HEV, EV, PHEV

# Fuel Savings Offsets Cost increase

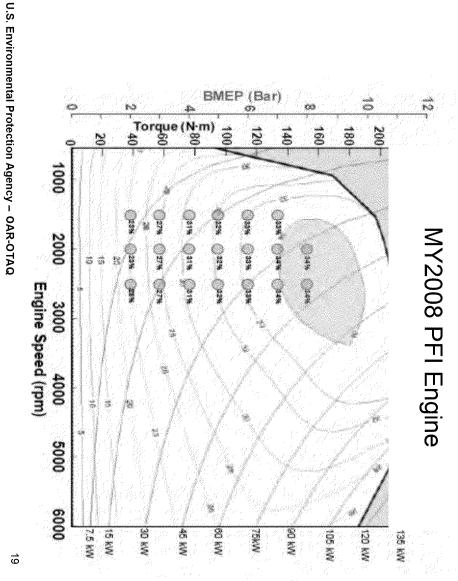
Net lifetime savings of \$1,650

## One possible pathway EPA modeled



MY2008 Actual PFI Engine

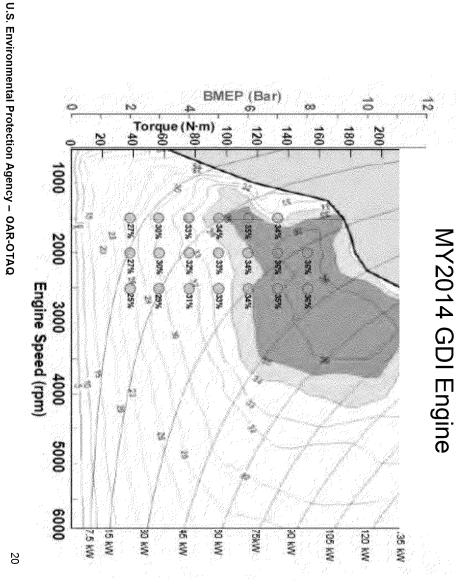
- Peak thermal efficiency 34%
- Narrow efficiency region



MY2008 Actual PFI Engine Narrow efficiency region Peak thermal efficiency 34%

MY2014 Actual GDI Engine Peak thermal efficiency 36%

Broader efficiency region



#### MY2008 Actual PFI Engine

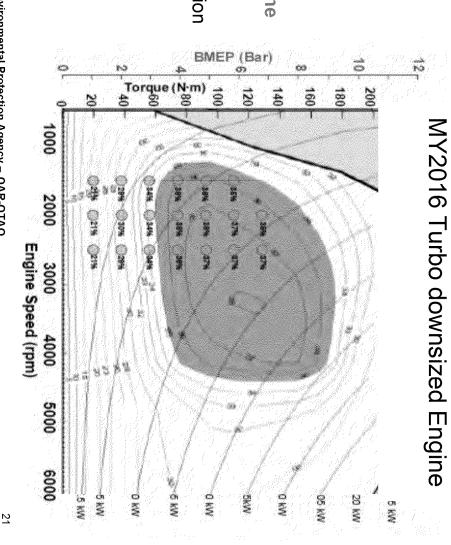
- Peak thermal efficiency 34%
- Narrow efficiency region

#### MY2014 Actual GDI Engine

- Peak thermal efficiency 36%
- Broader efficiency region

### MY2016 Actual Turbo downsized Engine

- Peak thermal efficiency 38%
- Very broad efficiency region
- Large overlap with 2-cycle test operation



#### MY2008 Actual PFI Engine

- Peak thermal efficiency 34%
- Narrow efficiency region

#### MY2014 Actual GDI Engine

- Peak thermal efficiency 36%
- Broader efficiency region

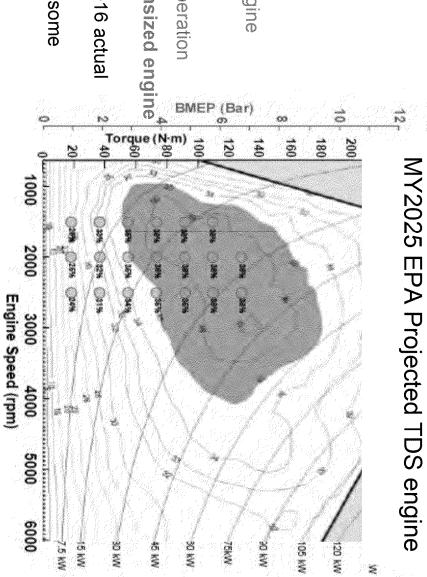
- **MY2016 Actual Turbo downsized Engine**
- Very broad efficiency region

Peak thermal efficiency 38%

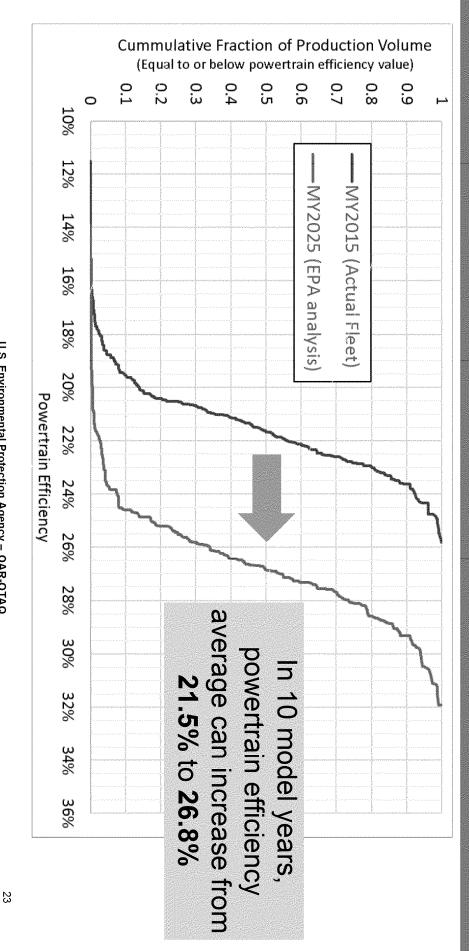
- Large overlap with 2-cycle test operation

## MY2025 EPA projected turbo downsized engine

- Peak thermal efficiency 38%
- Similar efficiency region as MY2016 actual
- improved low-load efficiency Hardware improvements provide some

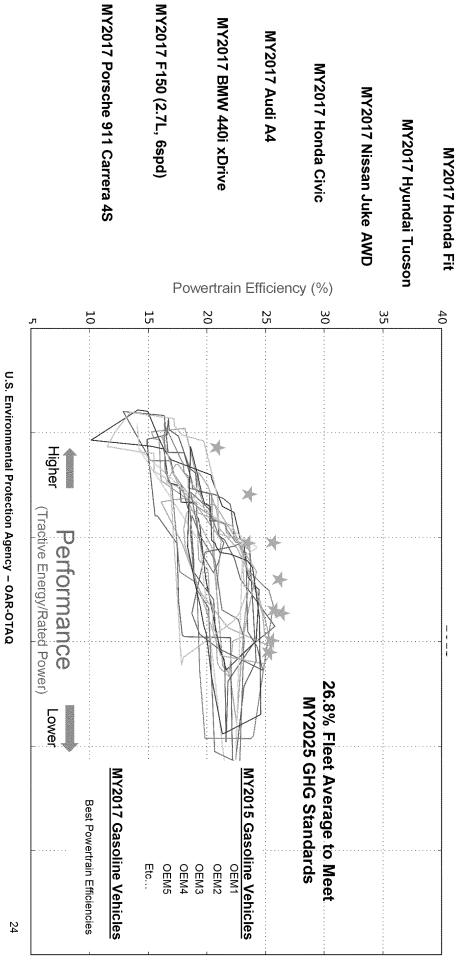


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# Current vs. Future Gasoline Powertrain Efficiencies

## Powertrain Efficiency: Current Levels and Projected Improvement Needed



### U.S. Environmental Protection Agency – OAR-OTAQ

# National Academies of Science 2015 Study

AND DEPLOYMENT OF FUEL ECONOMY

- In 2015 an NAS Committee published a comprehensive assessment of the light-duty CAFE & GHG technologies
- NAS included a detailed review of the 2012 EPA/NHTSA Assessment:

high caliber on the whole." their development of the 2017-2025 standards to be thorough and of "The committee found the analysis conducted by NHTSA and EPA in

- The NAS also concluded that the 2025 standards could largely be met with advanced gasoline vehicle technology:
- expected to remain dominant, with further reductions in fuel consumption beyond 2025." [Finding 2.1] "Spark ignition engines are dominant in light-duty vehicles today and are

## overall U.S. job market? Can GHG standards be good for the U.S. auto industry, and the

- Sept. 2016 Center for Auto Research issued a sales & employment assessment
- CAR's report showed potentially large negative impacts on employment and vehicle sales
- assumes range of high vehicle costs all higher than EPA estimate (\$2,000-\$6,000)
- assumes vehicle buy considers only first 3 years of fuel savings in buying decision
- Though EPA has concerns with the methodology used in this report, if we use the CAR approach but with EPA's cost estimates, the CAR model projects positive sales and employment with \$3/gal gasoline prices

EPA assessment of CAR study, using \$1,324 (2015\$) technology cost to go from 2016 to 2025 standards

Sales change

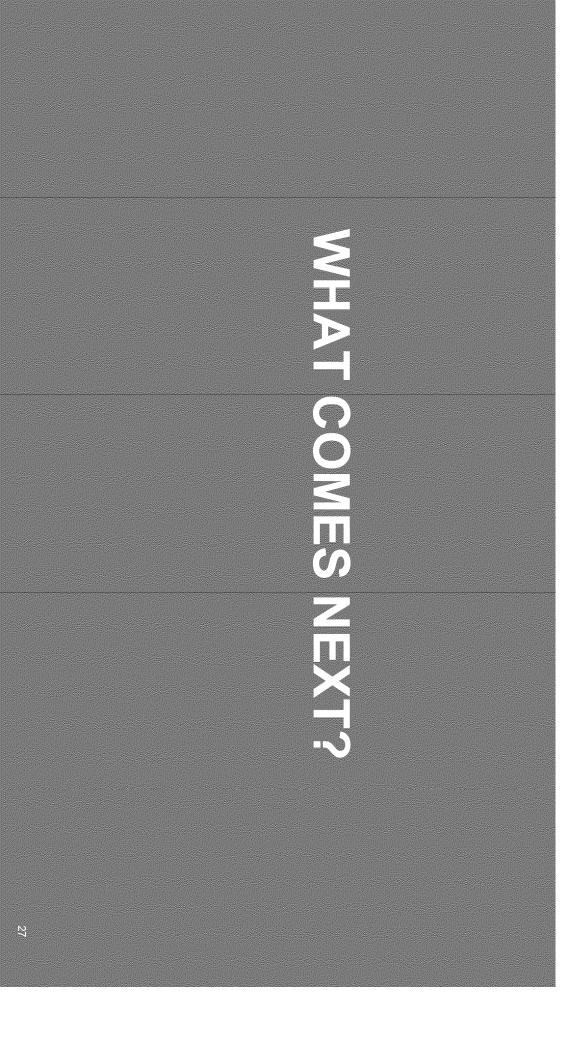
+234,000 more vehicles sold

+9,300 more auto jobs

Employment change nationally

+84,700 more total U.S. jobs

the vehicle sales change grows to +585,000 and national employment change grows to +206,000 If we assume that consumers consider 5-years of fuel savings (instead of CAR's assumption of 3-years),



# EPA's Reconsideration of the MTE Final Determination

reconsider the EPA Final Determination published in January 2017: March 15, 2017 - EPA Administrator Pruitt issued a Notice announcing he will

NHTSA in support of a national harmonized program." Determination in order to allow additional consultation and coordination with EPA has concluded that it is appropriate to reconsider its Final

"In accord with the schedule set forth in EPA's regulations, the EPA intends to 2022-2025 GHG standards no later than April 1, 2018." make a new Final Determination regarding the appropriateness of the MY

#### EPA Continues its In-depth Evaluation of Advanced Powertrains

### Component benchmarking efficiency maps:

- MY2016 Mazda CX-9 2.5 liter GDI-turbo-charged w/ 6-speed AT
- MY2016 Honda Civic 1.5 liter GDI-turbo-charged 10.6:1 w/ CV7

#### Vehicle level benchmarking:

- MY2016 Acura ILX w/dual-clutch transmission with torque converter
- MY2017 Ford F150 w/10 speed AT
- MY2016 Chevy Malibu w/1.5 liter GDI-turbo-charged w/ 6-speed AT

#### Demonstration and Modeling

- Demonstration of cooled EGR on a modified European Mazda 2.0 liter GDI -naturally-aspirated 14:1 CR engine
- GTPower modeling of a MY2012 PSA 1.6 liter GDI-turbo-charged engine with cooled EGR and an advanced turbo
- GTPower modeling of a MY2016 Honda Civic 1.5 liter GDI-turbo-charged 10.6:1 CR engine
- ALPHA model comparison of several CVTs
- ALPHA modeling of all vehicles included in above component and vehicle benchmarking

Modeling and Simulation

Modeling and Simulation

# Additional EPA Work Underway in Many Areas

: modern GDI turbo-downsized engine, advanced diesel engine, CVT

Technology cost teardowns with FEV

- V Updates to OMEGA cost-effectiveness optimization model and ALPHA full vehicle simulation model
- V Ongoing work to evaluate the willingness to pay (WTP) for vehicle attributes (e.g., power, fuel economy, size, etc).
- Our review of 50+ papers from the last 20 years found very wide variation in these WTP values Ongoing work evaluates what factors may contribute to this variation.
- V Ongoing evaluation of automotive reviews of MY2015 vehicle fuel efficient technologies
- Building upon EPA's study of MY2014 vehicles, we continue to find that positive evaluations for all technologies (70%) exceed negative evaluations of the technologies (18%)
- V Ongoing work to evaluate the vehicle miles traveled (VMT) rebound effect
- V Collaboration with Transport and Environment/Climate Change Canada on mass reduction and aerodynamics
- V Continued evaluation of the vehicle fleet each year to assess technologies, emissions, and compliance
- supporting EPA's forth-coming MY2016 Manufacturer GHG Performance Report and 2017 CO2/Fuel Economy Trends Report

# Global Passenger Car CO2 Stan

